City of Euless

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2025

201 N. Ector Drive, Euless, TX 76039 www.eulesstx.gov

THE CITY OF
EULESS

City of Euless, Texas

Annual Comprehensive Financial Report
Fiscal Year Ended
September 30, 2025

Prepared by
City of Euless
Finance Department

201 North Ector Drive
Euless, TX 76039

THE CITY OF
EULESS

CITY OF EULESS, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2025

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2025

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INTRODUCTORY SECTION

THE CITY OF
EULESS

March 10, 2026

To the Honorable Mayor,
Members of the City Council, and Citizens of the City of Euless, Texas

The Finance Department and City Manager's Office are pleased to submit the Annual Comprehensive Financial Report for the City of Euless, Texas ("City") for the fiscal year ended September 30, 2025. This report complies with State law which requires that all local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This report is published to provide the City Council, City staff, citizens, bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City. The report consists of City management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the accuracy, completeness, and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits derived from them, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Weaver and Tidwell, L.L.P., a firm of licensed, certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City's financial statements for the fiscal year ended September 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

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This report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, a listing of City Officials, and an organizational chart of the City. The Financial Section includes the Independent Auditor's Report on the basic financial statements, Management's Discussion and Analysis ("MD&A"), Basic Financial Statements, the Notes to the Basic Financial Statements, and Combining and Individual Fund Statements and Schedules. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement, and should be read in conjunction with, the MD&A. The City of Euless' MD&A can be found immediately following the independent auditor's report. The Statistical Section includes financial and demographic information relevant to readers of the City's financial statements. The statistical data is generally presented on a multi-year basis.

Profile of the City of Euless, Texas

The City of Euless is located in North Central Texas in Northeast Tarrant County approximately 16 miles west of Dallas and 16 miles east of Fort Worth. Euless is readily accessible by State Highway 183 which is a multi-lane expressway linking Dallas to Fort Worth. Other major highways through the City include State Highway 121, State Highway 360, State Highway 10 and Farm-to-Market Road 157. Euless' centralized location provides quick access to both Dallas and Fort Worth metropolitan areas and is adjacent to Dallas-Fort Worth International Airport ("DFW Airport"), one of the world's busiest airports. The City encompasses approximately 16.2 square miles and serves a population of approximately 61,601.

The City of Euless was incorporated February 24, 1953 and is a home rule city operating under a Council/Manager form of government. The City Council is comprised of the mayor and six council members who are elected at large. The Council has the authority to enact local legislation, levy taxes, adopt budgets, determine policies, incur debt, and appoint the City Secretary, City Attorney, Municipal Court Judge, and the City Manager. The City Manager reports directly to the City Council, and is responsible for the daily management of the various City departments. Council members serve three-year staggered terms, with two council members elected each year. The Mayor is elected to serve a three-year term. In addition, several boards and commissions were created to assist the City Council in deciding matters of policy and procedure and meet on various issues throughout the year.

The City of Euless provides a full range of services to its citizens including: police and fire protection; emergency ambulance services; municipal court operations; development and code services; construction and maintenance of streets and highways, parks, and recreational facilities; water service and wastewater collection and treatment; and library operations. The City also operates a top-ranked, 18-hole golf course and conference center, youth athletic complex, and an aquatics center. Internal services of the City account for risk management, equipment replacement, and employee insurance coverage activities on a cost reimbursement basis. Private contractors, through franchise agreements, provide solid waste and recycling collections and disposal services for the City.

Four component units of the City, the Euless Development Corporation, the Euless Crime Control and Prevention District, Tax Increment Reinvestment Zone ("TIRZ") #3 - Glade Parks, and Tax Increment Reinvestment Zone ("TIRZ") #4 - Midtown, are presented in the financial statements of the City as blended component units. Data for these component units is recorded in and presented as special revenue funds in the City's financial statements. Additional information on these component units can also be found in Note 1 in the Notes to the Basic Financial Statements.

The annual budget serves as the foundation for the City of Euless' financial planning and control. Per the City Charter, the City Manager provides to the City Council the proposed budget by August 1st each year. The budget is filed with the City Secretary and is open for public inspection. Upon receipt of the budget, the City Council sets a date for a public hearing at which time interested citizens may express their opinions regarding the proposed budget. The Charter requires the Council to adopt the budget by a favorable majority vote at least ten days prior to the beginning of the next fiscal year.

The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Budgetary control has been established at the individual fund level. Financial reports are produced showing budget to actual expenditures by line item and are distributed monthly to City departments for review.

Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Euless operates.

The City of Euless is located in Tarrant County in the heart of the Dallas/Fort Worth ("DFW") Metroplex and adjacent to the DFW Airport. Thus, the economic vitality of the region significantly impacts the economic health of Euless.

DFW Airport reports itself as the third largest airport in terms of operations and third largest in terms of passengers in the world, handling 86.9 million passengers annually.

According to the North Texas Commission, DFW is the 4th largest region in the U.S. and has experienced tremendous growth during the past decade. With its highly-diversified economy, DFW has a population of over 8.5 million, a Gross Domestic Product of $596.2 billion, a labor force of over 4 million with the fourth largest labor force of U.S. metropolitan areas, a 3.18% job growth rate, and is home to 21 Fortune 500 Firms, 33 colleges and universities, 113 school districts, and 58 public charter schools. Such an economic environment has helped the region weather economic downturns in key sectors better than many other regions in the nation.

The AllianceTexas development in North Fort Worth is a 27,000-acre development that has generated an estimated $130 billion in economic impact with over 590 companies, generating 66,000 direct jobs. It is anchored by the inland port known as the Alliance

Global Logistics Hub. This area offers a variety of commercial real estate options, industrial space, office space, and retail facilities.

Assessed value for all residential and commercial property in the City of Euless is estimated at approximately $7.4 billion for tax year 2025, which is a 1.2% increase from the prior year, due to increases in both residential and commercial real estate property values and to new growth. Sales tax collections increased 9.3% from FY2023-24 to FY2024-25. Euless continues to look for additional revenue opportunities in order to minimize the tax burden to citizens and strives to cut costs without impacting service.

The City receives a significant amount of revenue from a consolidated rental car facility located at DFW Airport. The City Council has chosen to continue to use this funding source to support general government operations and to cash flow capital projects in lieu of debt issuance when possible. The City has been very cautious to not become overly dependent on this volatile resource while providing for needed improvements for citizens.

The Dallas Cowboys AT&T Stadium, Texas Rangers Globe Life Park and Choctaw Stadium in Arlington are located within minutes of Euless and, continue to attract additional tourism to the City by hosting concerts and sporting events.

Euless population has increased from 54,050 to 61,601 in eleven years (North Central Texas Council of Governments). The City's median household income is $80,897, which compares favorably to $76,292 for Texas and $78,538 for the United States (U.S. Census Bureau). The City's educational level is 91.1% high school graduate or higher, which again is favorable to 85.7% for Texas and 89.4% for the United States (U.S. Census Bureau).

The City of Euless has approximately 310.86 acres of undeveloped land.

Long-Term Financial Planning

The City of Euless has developed a comprehensive capital improvements document. Such strategic planning has allowed the City Council to fund several major infrastructure upgrades, park enhancements, and capital purchases in a systematic manner while considering the full impact to the operating budget and tax requirements. Many of these projects have been completed on a pay-as-you-go basis by utilizing operating revenues, excess reserves, and rental car taxes.

The City Council and citizens of Euless have determined that debt issuance is a viable method of financing major capital projects and equipment purchases. Analysis of potential debt issuance includes the operating impact the repayment thereof will have on citizens, property tax rates, and enterprise fund service fee revenues. Per the City's fiscal policies, long-term debt will not be used for operating purposes and the life of the debt instruments will not exceed the useful life of the projects or equipment financed. Policy also specifies that debt with an average life of 20 years or less will be issued to reduce net interest cost and maintain future flexibility by paying off debt earlier. The majority of the City's existing long-term debt was used to finance infrastructure needs and traditional

government facilities such as fire and police stations, streets, utility infrastructure, and development of parks and open spaces.

The City's fiscal policies state current expenditures will be paid with current revenues. Deferrals, short-term loans, or one-time sources will be avoided as budget balancing techniques. Reserves will be used for emergencies or nonrecurring expenditures, except when balances can be reduced because levels exceed guidelines or legally-required minimums.

Fiscal policies provide for a General Fund reserve equal to between 30 and 60 days of working capital. At no time shall the reserve fall below 8.3% of the General Fund expenditure budget (i.e. 30-day level). The current operating reserve is at 171 days of operations. At the end of the current year, the City was in compliance with this fiscal policy reserve level.

The City's fiscal policies for the Water and Wastewater Fund require the maintenance of a minimum reserve of 45 to 75 days of working capital. The City currently maintains a 92-day reserve. Water and Wastewater revenue bond covenants require the City to maintain reserve amounts sufficient to cover the average annual debt service requirements. This revenue bond reserve is in addition to the working capital required by the City's fiscal policies and is maintained in a separate fund on the general ledger. As of September 30, 2025, the revenue bond reserve totaled $695,299 which meets the required average annual debt service per bond covenants.

Standard & Poor's Ratings Services, a subsidiary of the McGraw-Hill Companies, Inc. rates the City's general obligation debt at AA+ and has sales tax revenue debt at AA and the water and wastewater revenue debt at AA+. Moody's Investor Service, Inc. rates the general obligation debt and water and wastewater revenue debt at Aa2. Additional information about the rating agencies or the significance of the ratings provided may be obtained from each agency's web site.

Major Initiatives

The City has partnered with Tarrant County, surrounding cities, local churches, and businesses to renovate qualifying homes in the community through the Tarrant County Home Program and the Community Powered Revitalization Program ("CPR"). Through these partnerships, the cities of Hurst, Euless, and Bedford have joined forces to assist qualifying residents in all three communities.

The City participates in tax abatement programs as addressed in the Notes to Basic Financial Statements Note 1. Currently, there are no active property tax abatement agreements. Requests are considered on a case by case basis for economic development, redevelopment, stimulus, or retention. The City has various General Economic Development Agreements via Texas Local Government Code Chapter 380. These agreements are to stimulate economic development in the City, are authorized by City Council, are considered on a case by case basis, and are reflected in the budget and financial statements of the General Fund Non-Departmental Division and the Euless Development Corporation Fund.

The City's Capital Improvements Program and Americans With Disability Act ("ADA") Transition Plan address facility needs of the City. The Parks Master Plan, recently updated, focuses on improving the quality of life for the community, includes additional hike/bike trails, park amenities and upgrades. The City believes it is critical that the street, water, wastewater, and drainage systems are properly maintained and systematically upgraded. While these are not glamorous, these represent the most basic governmental functions. Deferral of these projects creates a financial burden for future generations.

Work continues on a significant number of these capital improvement projects. Street reconstruction work on West Pipeline Road is underway and should be completed over the course of the upcoming year. Street maintenance and overlays were completed in accordance with Pavement Condition Index (PCI) scoring criteria during FY2024-25. Public Works continued their partnership with Tarrant County to complete several street improvements throughout the City. Water and wastewater line replacement projects were substantially completed in the Trailwood Addition, Cedar Hill Estates, and in multiple areas in South Euless. Fire Station No. 2 was completed last year and the renovation of the animal shelter be completed soon. The Police and Court facility renovation is proceeding on schedule. New playgrounds and shade structures at several different parks were completed during FY2024-25. Other projects starting include Kiddie Carr Park improvements, Parks at Texas Star redevelopment, and South Euless Park improvements.

Waterbend, a large ongoing 66-acre mixed-use development, combining residential living with shopping, dining, and entertainment, is currently underway. This vibrant community will offer abundant open space, a signature water feature, and an environment designed for connection and convenience.

Trinity High School is undergoing a massive, multi-phase rebuilding project funded by the HEB ISD Bond 2023, replacing its aging 1969 campus with modern facilities, including a new main academic building, competition gym, arts wing, and consolidated learning spaces, all while students remain on-site in a carefully phased construction plan that began in 2024-2025 and extends through the early 2030s. Additionally, three elementary schools will be impacted through new campus designs and modern learning spaces, with schools like Wilshire, Bell Manor, and Midway Park being part of the bond funding.

The H-E-B Euless grocery store, currently under construction in the Glade Parks area of Euless, is set to open in 2026, offering expanded departments, fresh Texas BBQ, sushi, Fuel & Car Wash, drive-thru pharmacy, and curbside pickup, aiming to serve the Mid-Cities community.

Glade Parks, a large, evolving 194-acre mixed-use center, is a massive, multi-phase project that has been developing for years and is still growing, adding substantial retail, restaurant, and entertainment options.

New hotel construction continues at a brisk pace with projects such as a new 107-room Cambria Hotel, near East Airport Freeway and Fuller-Wiser Road, a new 114-room Holiday Inn Express, near Highway 360, and a new 104-room Atwell Suites Hotel, near

Fuller-Wiser Road and the Highway 183 frontage road. Newly opened restaurants in Euless include Cold Beers and Cheeseburgers, in the Glade Parks development, Valerie's Taco Shop on East Airport Freeway, HTeaO on North Main Street, Argentina 163 on West Harwood Road, The Brass Tap in the Shops at Vineyard Village, and Euless' second location of Raising Cane's on South Industrial Boulevard.

Awards and Acknowledgements

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Euless for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards. Such report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

The City has been awarded a Certificate of Achievement for the last 38 consecutive years. We believe that the current Annual Comprehensive Financial Report meets the Certificate of Achievement program requirements and are submitting it to GFOA for review.

In addition, the City of Euless received the GFOA's Distinguished Budget Presentation Award for its annual budget document. The City of Euless has received the Distinguished Budget Award for the last 34 years. In order to qualify for the award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Appreciation is expressed to City employees throughout the organization, especially those who were instrumental in the successful completion of this report.

We would like to thank the Mayor and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible, professional, and progressive manner. As always, the City of Euless staff welcomes and appreciates your comments.

Respectfully Submitted,

Chris Barker
City Manager

Janina Jewell
Director of Finance

City of Euless

FISCAL YEAR 2024-25

Council Members

LINDA MARTIN, MAYOR
Tim Stinneford, Mayor Pro Tem, Place One
Jeremy Tompkins, Place Two
Eddie Price, Place Three
Perry Bynum, Place Four
Annabel Eads, Place Five
Tika Paudel, Place Six

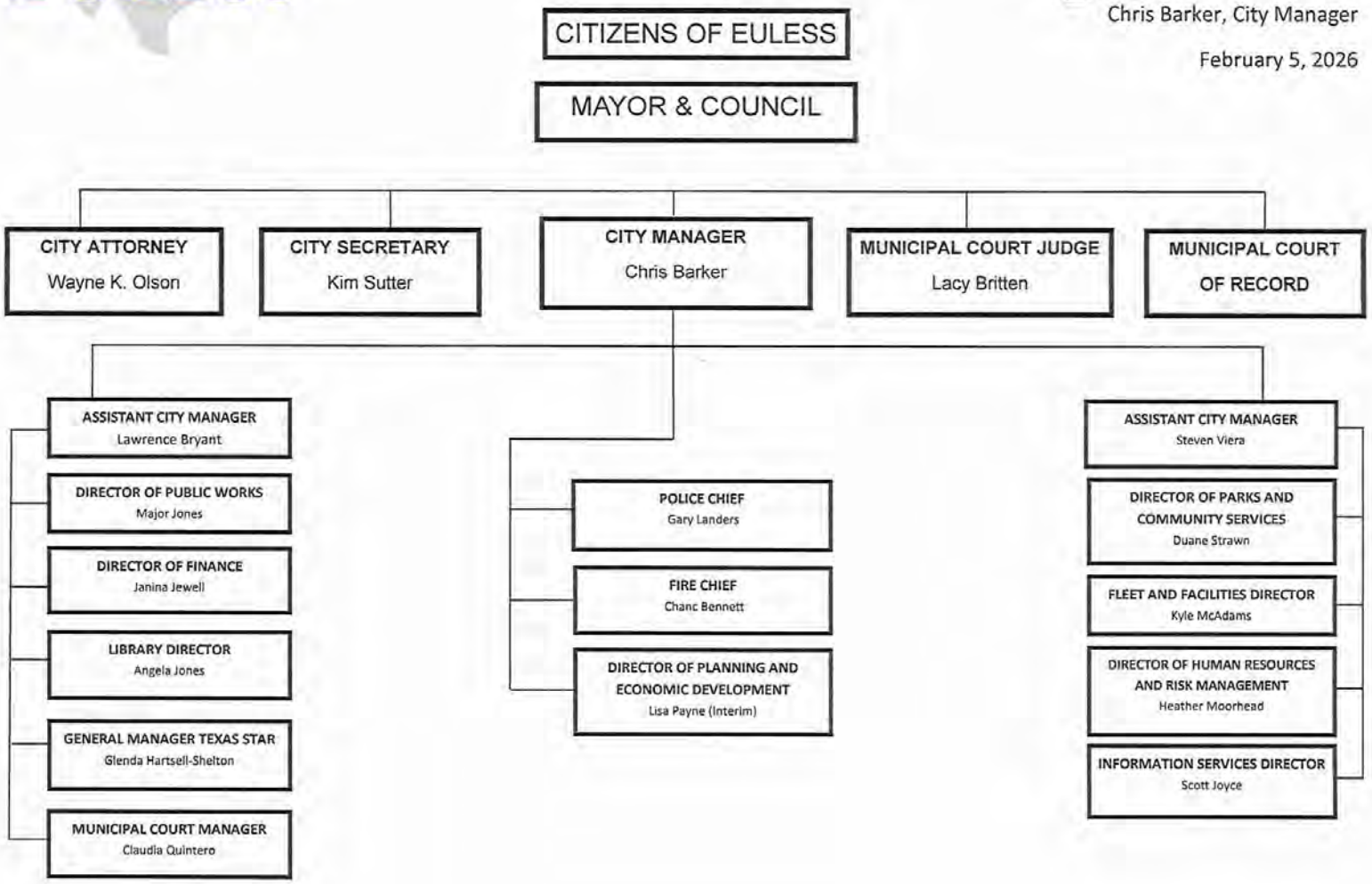
Chris Barker, City Manager
Steven Viera, Assistant City Manager
Lawrence Bryant, Assistant City Manager

THE CITY OF EULESS

ORGANIZATIONAL CHART

Chris Barker, City Manager

February 5, 2026



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Euless
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

THE CITY OF
EULESS

2300 North Field Street, Suite 1000
Dallas, Texas 75201
972-490-1970

Independent Auditor's Report

To the Honorable Mayor,
City Council and City Manager
City of Euless, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Euless, Texas (City) as of and for the year ended September 30, 2025, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

The Honorable Mayor,
City Council and City Manager

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable Mayor,
City Council and City Manager

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Go*vernment Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 10, 2026

THE CITY OF
EULESS

CITY OF EULESS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025 (UNAUDITED)

Management of the City of Euless offers the readers of the City's financial statements this narrative overview and analysis of the financial activities and financial position of the City for the fiscal year ended September 30, 2025. In the broadest context, the financial well-being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so that the City's tax base, service levels, City assets, and the City's desirability will be maintained not just for the current year but well into the future.

Financial reporting is limited in its ability to provide the "big picture" but rather focuses on financial position and changes in financial position. In other words, are revenues and/or expenditures higher or lower than the previous year? Has net position (containing both short-term and long-term assets and liabilities) or fund balance (the current "spendable" assets less current liabilities) of the government been maintained? Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the letter of transmittal (pages i-vii of this report) and the statistical section (pages 125-142 of this report) as well as information in the annual budget and the capital improvement plan along with other community information found on the City's website at www.eulesstx.gov. It should be noted that the Independent Auditor's Report describes the auditors' association with the various sections of this report and that all of the additional information from the website and other City sources is unaudited.

Financial Highlights

- The assets and deferred outflows of resources of the City of Euless exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $394,548,403 (net position). This number must be viewed in the context that the vast majority of the City's net position of $254,181,773 (64%) is net investment in capital assets and that most capital assets in government do not directly generate revenue nor can they be sold to generate liquid capital. The net position restricted for specific purposes totaled $13,645,962 (4%). The remaining $126,720,668 (32%) is unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.

- Governmental activities realized an increase in total net position of $32,054,038 and business-type activities realized an increase in total net position of $10,532,061 bringing the total increase in net position for the City to $42,586,099.

- At the close of the current fiscal year, the City of Euless' governmental funds reported combined ending fund balances of $105,268,296 which represents a decrease of $11,370,761. Within this total, $4,368,968 is restricted for debt service; $10,820,938 is restricted by bond covenants for capital projects; $162,433 and $292,813 are restricted for court technology/building security and juvenile case management, respectively; and another $2,912,798 is restricted for capital projects by developer agreements. Amounts restricted for cable PEG fees and historical preservation total $652,693 and $843, respectively. Another $62,463 is restricted for opioid remediation. Nonspendable fund balance of $231,179 represents fund balance amounts for inventories and prepaid items. Fund balances of $56,448,263 represent assigned fund balance in the general, special revenue, and capital projects funds. The unassigned fund balance in the General Fund of $29,343,626 can be used for any

lawful purpose, while the Midtown PID fund has a deficit fund balance of $28,721. The General Fund unassigned balance represents 53% of fiscal year 2025 total fund expenditures.

- The City's total capital and intangible assets (net of accumulated depreciation and amortization) increased by $36,030,402 which is attributed to completion of capital improvement projects and other asset additions including construction in progress exceeding current year depreciation expense and asset retirements.

- The City's debt payable decreased by $15.6 million or 16% due primarily to payments on existing debt plus amortization of premiums and discounts outpacing new debt issuance. The early redemption of a large portion of the Glade Parks Debt and the Golf Course Debt accounts for approximately $8 million of the decrease.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis are intended to serve as an introduction to the City of Euless' basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Euless' finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Euless' assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Euless is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash receipts and cash outlays in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities functions of the City include general and administrative, public safety, highways and streets, development services, and culture and recreation. The business-type activities of the City include water and wastewater system, drainage system, golf course, and other recreational enterprises.

The government-wide financial statements include not only the City of Euless (the primary government), but also the Euless Development Corporation, the Crime Control and Prevention District, the Tax Increment Reinvestment Zone #3 – Glade Parks, and Tax Increment Reinvestment Zone #4 – Midtown which are legally separate entities that are financially accountable to the City. A blended presentation has been used to report the financial information of these component units.

The government-wide financial statements can be found on pages 20-21 of this report.

Fund Financial Statements. A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Euless, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements with the exclusion of internal service fund activity. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty-four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, Car Rental Tax, General CIP and Police CIP funds, all of which are considered to be major funds. Data from the other nineteen governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General and Car Rental Tax major governmental funds. A budgetary comparison schedule has been provided for each fund to demonstrate compliance with the adopted budgets.

The basic governmental fund financial statements can be found on pages 22-29 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater, drainage utility, golf operations, and other recreation enterprises. Internal service funds are an accounting device used to accumulate resources and allocate costs internally among the City's various functions. The City uses internal service funds to account for its equipment replacement, risk management, and health insurance services. Because these services predominately benefit governmental rather than business-type functions, a portion of the activities in these funds is included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water and Wastewater, Drainage Utility, Golf, and Other Recreation enterprises all of which are considered to be major funds of the City. The internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 30-35 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 36 and 37 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-84 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations to provide pension and post-employment healthcare benefits to its employees. Additionally, schedules comparing budgetary figures and actual results of the General and Car Rental Tax funds are also located in this section of the report. Required supplementary information can be found on pages 87-94 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions, other post-employment benefits("OPEB"), and budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 98-122 of this report.

Government-Wide Financial Statement Analysis

As noted earlier, net position and especially net position by category may serve over time as a useful indicator of a government's financial position. In the case of the City of Euless, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $394,548,403 as of September 30, 2025.

The largest portion of the City's net position (64%) reflects its investment in capital assets (i.e., land, buildings, equipment, improvements, construction in progress, and infrastructure) net of accumulated depreciation and amortization, less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending and with the exception of business-type assets, do not generate direct revenue for the City. They do, however, represent an obligation on the part of the City to maintain these assets into the future.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $126,720,668 (32%) may be used to meet the City's ongoing obligations to citizens, creditors, and employees.

Net Position

Amounts shown in 000's	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 165,448	$ 171,825	$ 49,715	$ 51,774	$ 215,163	$ 223,599
Capital assets	220,592	190,818	100,938	94,682	321,530	285,500
Total assets	386,040	362,643	150,653	146,456	536,693	509,099
Total deferred outflows	8,500	12,223	1,628	2,489	10,128	14,712
Long-term liabilities	91,217	107,629	18,078	21,345	109,295	128,974
Other liabilities	22,891	20,718	6,645	10,767	29,536	31,485
Total liabilities	114,108	128,347	24,723	32,112	138,831	160,459
Total deferred inflows	11,809	9,950	1,633	1,440	13,442	11,390
Net position:						
Net investment in capital assets	167,340	133,199	86,841	78,063	254,181	211,262
Restricted	8,453	9,033	5,193	4,874	13,646	13,907
Unrestricted	92,830	94,337	33,891	32,456	126,721	126,793
Total net position	$ 268,623	$236,569	$ 125,925	$115,393	$ 394,548	$ 351,962

As of September 30, 2025, the City reports positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities. The same was true for the prior year.

The City's unrestricted net position decreased by $72,083 in fiscal year 2025 as compared to the unrestricted net position for the prior year. Restricted net position realized a decrease of $261,354 and the amount invested in capital assets, net of related debt increased by $42,919,536. The increase in total net position of nearly $42.6 million results primarily from current year operating results flowing to the net investment in capital assets. The details of the results of current year operations are found in the table shown on the following page.

Changes in Net Position

Amounts shown in 000's	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program revenues:						
Charges for services	$ 12,180	$ 7,525	$ 40,826	$ 40,918	$ 53,006	$ 48,443
Operating grants and contributions	547	579	-	-	547	579
Capital grants and contributions	7,423	851	9,624	7,446	17,047	8,297
General revenues:						
Property taxes	31,877	30,133	-	-	31,877	30,133
Sales taxes	32,032	29,310	-	-	32,032	29,310
Car rental taxes	20,255	20,229	-	-	20,255	20,229
Mixed beverage taxes	259	213	-	-	259	213
Occupancy taxes	1,698	1,656	-	-	1,698	1,656
Gross receipts taxes	4,700	4,674	-	-	4,700	4,674
Investment income	7,611	8,707	1,506	1,708	9,117	10,415
Rents and royalties	1,424	1,144	-	-	1,424	1,144
Miscellaneous	2,157	1,769	-	-	2,157	1,769
Total revenues	122,163	106,790	51,956	50,072	174,119	156,862
EXPENSES						
Culture and recreation	9,713	8,565	-	-	9,713	8,565
Development services	1,887	1,284	-	-	1,887	1,284
General government	29,658	28,889	-	-	29,658	28,889
Highways and streets	5,037	4,765	-	-	5,037	4,765
Public safety	39,200	33,777	-	-	39,200	33,777
Interest and fiscal charges	2,732	2,912	-	-	2,732	2,912
Water and wastewater	-	-	33,066	31,567	33,066	31,567
Drainage utility	-	-	1,678	1,595	1,678	1,595
Golf course	-	-	6,101	5,741	6,101	5,741
Recreation enterprises	-	-	2,461	2,225	2,461	2,225
Total expenses	88,227	80,192	43,306	41,128	131,533	121,320
Increase (decrease) in net position before transfers	33,936	26,598	8,650	8,944	42,586	35,542
Transfers	(1,882)	485	1,882	(485)	-	-
Increase (decrease) in net position	32,054	27,083	10,532	8,459	42,586	35,542
Net position, beginning	236,569	209,486	115,393	106,934	351,962	316,420
Net position ending	$ 268,623	$ 236,569	$ 125,925	$ 115,393	$ 394,548	$ 351,962

Governmental activities. Governmental activities increased the City's net position by $32,054,038 thereby accounting for most of the growth (75%) in total net position. Sound fiscal management and close monitoring of revenues and expenses allowed the City to realize an increase in governmental activities net position before transfers of $33,936,110.

Total revenue for the governmental activities (excluding transfers) increased from the previous year by $15.4 million due in part to a net increase in general revenues of $4.2 million. Program revenues consisting of charges for services, grants, and contributions also realized an increase of $11.2 million overall a large portion of which was realized in development charges for services and capital contributions. General revenues are primarily comprised of property taxes, sales taxes, and car rental taxes as well as investment income, rents and royalties, and miscellaneous revenues. Property tax revenue increased due to an overall increase in taxable values of 7.3% over the prior year values (See Statistical Table 5). Rising consumer confidence, elevated demand, and continued inflationary pressures are driving costs upward resulting in increased tax revenues across all categories. Development services revenues were more than double those of the prior year primarily due to the issuance of building permits for the Waterbend development (formerly Watercolor). Public safety charges for services revenues rose by $857,000 for the year predominantly due to a full year of jail revenue related to the Hurst detainee contract and the establishment of the Elementary School Resource Officer (ESRO) Program with the Hurst-Euless-Bedford (HEB) ISD. Streets and highways realized an increase of $6.6 million in capital grants and contributions due to developer dedications for the Waterbend development and the recognition of American Rescue Plan Act (ARPA) proceeds.

Total expenses of governmental activities increased by $8 million from FY2024 to FY2025. The FY2025 Operating Budget included a 3.5% baseline salary increase for public safety personnel plus merit increases expected to average 3.5% for non-public safety employees across all funds. Benefits based upon salaries also increased accordingly. Several positions were added in FY2025 including an ESRO manager, a public works water field technician and a parks field technician. Additionally, the budget included an upgrade for an office technician at Texas Star Golf Course. The implementation of the new GASB standard for compensated absences accounts for an increase in governmental activities expenses of more than $3.3 million. Pension-related entries decreased salary-related expenses by $1.3 million in the prior year, and decreased governmental expenses by approximately $12,000 in FY2025. The overall difference between the two years' expenses totals almost $4.2 million mostly due to the recording of changes in and amortization of deferred outflows and deferred inflows combined with a decrease of $5.2 million in the net pension liability. OPEB-related expenses which includes the change in the net OPEB liability, related deferred inflows and deferred outflows, as well as the amortization of the deferrals decreased salary-related expenses by approximately $1.8 million compared to a decrease in expenses of less than $1.1 million in the prior year. Rebates and revenue sharing increased by $1 million primarily as a result of increased sales, occupancy, and car rental taxes. Additionally, Euless and Bedford entered into an interlocal agreement related to revenue sharing of the HEB grocery store currently under construction. The facility spans portions of both Euless and Bedford.

Culture and recreation (CR) expenses rose approximately $1.2 million from FY2024 to FY2025. This is primarily due to the employee raise package mentioned previously along with associated benefits as well as the additional parks field tech. These changes account for approximately $627,000 of the total increase. Other CR expenses increased by about $521,000 due in large part to the addition of playground canopies at McCormick, J.A. Carr, and Wilshire parks. Additionally, funds were allocated to facilitate the early redemption of the outstanding Golf Course Debt. In the current fiscal year, development services realized an increase of $600,000 overall most of which is attributable to commercial plan review. Salaries and related benefits account for the majority of the remaining increase. General and administrative (G&A) service costs realized an increase of more than $768,000 predominantly driven by salary and benefit increases approved by Council. Contingencies increased by $250,000 due to the purchase of new rifles for the police department and

plumbing repairs at Texas Star Golf Course. As mentioned before, revenue sharing and rebates also contributed to the overall increase in G&A. Public safety realized the largest increase, $5.4 million, in expenses. Nearly all of this is attributable to salary and benefit increase from the raise package and the addition of the ESRO program. The use of the Hurst jail facility during construction of Euless' court and police building remodel increased costs by $86,000. Euless' portion of the upgrade to the NETCO radio system totaled $137,000, while the ESRO non-salary and benefit costs were more than $193,000. The net position of general governmental operations accounts for 68% of total net position.

- **Business-type activities.** Business-type activities increased the City's net position by $10,532,061. The change in net position before transfers is $8,649,989. Charges for services program revenues for the business-type activities dropped from the previous year by $92,000 due primarily to the closure of the golf course throughout the summer months for renovation which resulted in a decline in revenues of over $1M. This, combined with increased Water and Wastewater ("W&WW") revenues and drainage revenues of $500,000 and $310,000, respectively resulted in the net decrease. Water rates increased 32¢ per thousand gallons on the volumetric rate to cover the Trinity River Authority (TRA) cost increases. Volumetric rates for wastewater increased 36¢ per thousand gallons to cover the pass-through increase from TRA for wastewater treatment. The City received almost $341,000 from TRA for the annual water and wastewater cost true-up calculations. Capital grants and contributions increased by more than $2.2 million due largely to additional developer contributions of W&WW and drainage infrastructure combined with American Rescue Plan Act (ARPA) funding for water and wastewater projects. Investment revenues declined by just over $200,000 due to a downturn in market rates as well as a reduction in funds available to invest.

  Overall, total business-type expenses realized a net increase for the year of $2.2 million combined. Water purchases dropped by $285,000 due to a decline in sales volume coupled with TRA rate increases; while wastewater treatment costs climbed by $740,000 from the prior year predominantly as a result of increased TRA rates. Increased costs of $360,000 at the golf course resulted mostly from higher costs for salaries, benefits, and equipment replacement as well as adjustments for pension and OPEB. Implementation of the new GASB standard for compensated absences increased business-type activities expenses by $698,000. Net pension, net OPEB, and related deferral entries combined decreased expenses by almost $350,000 in the business-type activities this year compared to an increase of approximately $300,000 in the prior year. Net position for business-type activities represents 32% of total net position.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Euless' governmental funds reported combined ending fund balances of $105,268,296, which represents a decrease of $11,370,761 in comparison with the prior year. Approximately 28% or $29.3 million constitutes unassigned fund balance in the general fund that is available for spending at the City's discretion. Another $231,179 in non-spendable fund balance

represents amounts invested in inventories and prepayments. Another portion is restricted to indicate that it is not available for new spending because it has already been committed 1) to pay debt service ($4,368,968); 2) to pay for specific capital improvements per developer agreements ($2,912,798); 3) restricted by bond covenants for specific capital projects ($10,820,938); and 4) for a variety of other restricted purposes ($1,171,245). Assigned fund balance includes funds that management intends to use for a specific purpose as well as any residual balances of governmental funds other than the general fund. Assigned fund balance totals $56,448,263 and includes assigned fund balance in the general fund of $210,748 and $56,237,515 represents positive residual balances in other governmental funds. The Midtown PID special revenue fund carries a negative fund balance of $28,721. See discussion under Fund Balance Classifications in Note 1 of the Notes to Basic Financial Statements for additional details.

General fund budgetary analysis. In the General Fund, the City budgeted for a decrease in fund balance (i.e. a planned reduction) of $6,875,217 which was revised to a decrease of $7,444,792. Due to a positive budget variance in overall revenues and expenditures, the General Fund ended the year with an increase in fund balance of $6,632,634. This figure represents a positive budget variance of $14,077,426 resulting primarily from sales tax collections, municipal court fines, ambulance fees, rental income, building permit revenue, and investment income realizing significant increases over expectations. The positive variance in sales tax collections results from conservative estimates used for budgetary purposes as well as inflationary pressures driving consumer costs higher. For several years, building permit revenue has exceeded projected levels. Management intentionally decided to conservatively budget this revenue stream so that the City does not become overly dependent upon a finite revenue source. As the City nears build-out, building permit collections will decline until reaching a point more aligned with reconstruction and renovation levels. Permits for new construction will decline drastically over time. Investment income budgetary projections were based on anticipated FY2024 end-of-year collections which approximated about half of year-end actual results. As such, the budget for FY2025 was far lower than end-of-year actual results.

General Fund budgetary expenditure savings total $4.7 million before transfers. General and administrative ("G&A") expenditures account for approximately $2.8 million of the savings. New positions and the raise package previously mentioned account for increases of $754,000 in this expense category. Capital purchases realized budgetary savings of $1.4 million; all of which was rolled to FY2026 for continuing projects at fiscal year-end. Subscription-based information technology arrangement expenditures attained budgetary savings of $371,000 which included funding for financial and human resource system software which was not yet implemented. Budgetary overages were experienced in revenue sharing and rebates due in large part to higher than anticipated sales tax collections. Public safety expenditures recognized budgetary savings of $1.6 million of which 94% is related to salaries and benefits. A variety of open positions in the police department throughout the year is primarily responsible for this variance.

General fund. Several General Fund revenue categories realized increases over the prior year including current property tax collections, franchise fees, investment earnings, jail income, ambulance fees, and building permits. Taxable property values increased over the prior year values by 7.3%, while the tax rate dropped from 45.75¢ to 44.67¢ per $100 of taxable property valuation resulting in increased property tax collections of more than $1.9 million. Sales tax collections exceeded those of the prior year by close to $1.7 million due in large part to additional sales at existing businesses, continued consumer confidence, and inflationary pressures increasing prices. Fines and fees rose by over $1 million which includes an increase in jail income attributable to a full year of housing Hurst detainees, a rise in ambulance revenues, and growth in municipal court fines. Building permit revenues outpaced prior year collections by close to $3.9 million due predominantly to increased inspections performed and activity

in the Waterbend (formerly Watercolor) development as well as construction of the HEB grocery store and Trinity High School. The issuance of SBITA debt dropped by close to $925,000 from the prior year. Total revenues surpassed previous year levels by nearly $8.5 million.

Expenditures increased by $3.3 million or 6.4% above the prior year resulting from a combination of increases and decreases across expenditure categories. Most of the increase is realized in development services, G&A, and public safety. Approximately 80% of the $450,000 increase in development services is due to third party plan review. G&A expenditures rose by $1.8 million primarily due to increases in SBITA costs (mostly Microsoft), ambulance billing and collections fees due to higher collections, and charges related to the new rifle program. One-time capital purchases climbed by more than $470,000 primarily due to a one-time increase in street funding of $1M, replacement of the HVAC system in the finance building, and the upgrade of traffic signal equipment at a cost of $471,000 combined with reductions in equipment purchases and computer hardware of $426,000 and $872,000, respectively. Unspent funding for capital purchases was rolled into FY2026 for continuing projects. Public safety (PS) expenditures increased over prior year levels by $945,000 and is primarily attributable to salaries and benefits ($778,000) as previously described. Other PS expenditures rose by $167,000 due in large part to the payments to the City of Hurst for the use of their jail facility, training and state certifications for the fire department, SCBA maintenance, and equipment rental. Transfers out declined by $3.2 million because of a drop in funding for street CIP of $2.1 million and to general CIP of $1 million. Debt service expenditures in the general fund result from principal and interest payments on leases and subscription-based information technology arrangements and were relatively flat with prior year levels.

Debt service fund. The Debt Service fund balance decreased $13,611. Compared to the prior year, revenues decreased by $427,000. Property taxes declined by $466,000 from the prior year due in large part to reduction in the property tax debt service rate as well as overpayments and frozen collections. Expenditures rose by $5.9 million due to scheduled payments exceeding those of the prior fiscal year plus the early redemption of most of the Glade Parks outstanding debt.

Car rental tax fund. The Car Rental Tax fund balance was originally anticipated to decrease $5.2 million but the revised budget showed a projected decrease of $6.5 million. This fund ended the year with a fund balance decrease of $3,948,641 which is a positive variance of $2.6 million. Car rental tax revenues were relatively flat with those of the prior year. Investment income decreased by $355,000 due to lower market rates and a decline in debt funds available for investing. Per contractual agreement, the car rental revenues are shared with the cities of Dallas and Fort Worth. Since the revenue collections were relatively flat with the prior year, the same can be said about the revenue sharing amount. However, one-time capital rose by $152,000 due mainly to the construction of a monument sign for city hall and one-time special legal fees. The return of the $750,000 in seed money for the start-up of the Glade Parks PID was recorded in the current fiscal year. Operating transfers to other funds increased over the prior year by $1.9 million primarily due to funding of the golf course renovation project.

General CIP fund. The General CIP fund balance decreased by $2.5 million due predominantly to capital expenditures on projects exceeding new project funding from transfers. Transfers in for project funding declined by $6.8 million predominantly due to the funding of the animal shelter expansion in the prior year. Investment income declined by more than $300,000 because of lower market rates and less funds available for investment. Most of the capital expenditures were incurred for the animal shelter expansion ($5 million) and fire station #2 remodel project ($1.6 million).

Police CIP fund. Investment income totaled $990,000 for the current year due to a reduction in the amount available for investment as well as declining market rates. Professional and construction service costs totaling $11.8 million were incurred on this project. This fund realized a decrease in fund balance of $10.8 million.

Non-major governmental funds. The non-major governmental funds realized a combined decrease in fund balance of $733,866; special revenue funds drew down fund balance by $7,515,557, while the capital projects funds contributed $6,781,691 to the balance. The Crime Control and Prevention District, Grant, Juvenile Case, Midtown PID, TIRZ #4 Midtown, Half-Penny Sales Tax CIP, Developers' Contribution, Redevelopment, and Car Rental CIP funds increased total fund balances by $11.9 million. The remaining non-major governmental funds recognized a drawdown of fund balances of more than $12.6 million. Current year project funding for all CIP funds from transfers totaled $13 million while project expenditures totaled $7 million. Hotel/motel experienced a negative change in fund balance of $353,000 due to approved one-time capital funding. Half-penny sales tax transferred funding to CIP of $5.4 million which caused the fund balance to decrease $2.4 million. The Glade Parks PID fund transferred the start-up seed money back to the car rental tax fund which resulted in a $750,000 reduction of fund balance. The early redemption of debt caused a decline of fund balance in the TIRZ #3 Glade Parks Fund. The CCPD contributed $576,000 to total fund balances as a result of increased sales tax collections. The half-penny sales tax CIP fund added $4.5 million to fund balance due to project funding outpacing expenditures. The street CIP fund drew down fund balance by more than $4.4 million primarily due to project expenditures for West Pipeline Road, while the car rental CIP fund added $5.7 million to fund balance as a result of current year funding for future projects.

Enterprise funds. The City's enterprise fund statements provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail. Most of the City's enterprise funds are heavily dependent upon local weather conditions. During the year, rainfall was short of that of a "normal" year by more than 2½ inches and was also lower than prior year levels by more than 5 inches. However, it should be noted that nearly 5 inches of rainfall was recorded for August which is generally a high-volume sales month.

The W&WW fund realized a decline in operating income of $844,000 resulting principally from increased operating revenues of more than $500,000 combined with an increase in expenses of $1.4 million. The W&WW fund revenues increased largely as a result of volumetric rate increases in water consumption and wastewater treatment passed through from TRA. Water purchases and wastewater treatment costs grew by $455,000 combined. Salary and benefit expenses increased by almost $630,000 resulting from the raises previously mentioned as well as the addition of a public works field tech. Franchise and administrative fees increased by $60,000 each from the prior year primarily as a result of increased rates and software subscriptions rose by $24,000. Capital contributions which includes ARPA funding, impact fees and developer dedications, grew by more than $1.8 million resulting from project expenses and recent development including Waterbend. Investment income declined due to falling market rates and smaller balances available for investing. Including nonoperating and other revenues and expenses, an increase of more than $7.7 million was realized in the W&WW fund for FY2025.

Texas Star Golf Course closed for approximately four months during the summer for renovations including resurfacing the greens, leveling and expansion of various tee boxes, capping sand in bunkers, and cart path and parking improvements. The course realized total revenues of close to $3.9 million and expenses of $6.2 million leading to an operating loss of $2.4 million. Operating revenues which are directly linked to the number of paid rounds dropped by $702,000. Operating expenses increased by $500,000 including depreciation and amortization resulting predominantly from higher costs for salaries

including upgrading one position, benefits, and equipment replacement as well as adjustments for pension and OPEB. Implementation of the new GASB standard for compensated absences increased business-type activities expenses by around $150,000. Transfers in to cover operating costs during the closure and to provide project funding totaled $3.5 million. Net position for the golf course rose by $962,164 for FY2025.

The increase in net position of the drainage utility fund results largely from developer contribution of capital assets. Operating revenues increased by $310,000 due in large part to the increase in the monthly drainage fee of 25% and operating costs climbed by $83,000. The drainage utility fund recorded a gain in net position of $1.2 million. Other recreation enterprises operating revenues increased by $123,000, while operating expenses grew by $286,000. Salaries and related benefits rose by about $65,000 due to the raise package mentioned previously. Other cost increases include instructor fees, baseball umpire payments, athletic field maintenance, and costs associated with the Arbor Daze festival. User fees paid to the equipment replacement fund increased slightly. The net result of the other recreational activity was net income of $67,000.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2025, totaled $321,530,020 (net of accumulated depreciation and amortization). The investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, intangible assets, and construction in progress. The net increase in the City's investment in capital assets for the current fiscal year was $36,030,400 or about 13%. Major capital asset activity that occurred during the current fiscal year included the following:

- Capital asset contributions totaled $16,493,898 during the fiscal year. Of this amount, $12,191,431 related to improvements within the Waterbend development and included streets and sidewalks, water and wastewater infrastructure, drainage structures, and land. Community Development Block Grant (CDBG) funding contributed $70,994 for wastewater line replacements. Additionally, developer asset dedications totaled $1,125,551 and consisted of streets and sidewalks, water and wastewater infrastructure, drainage structures, and land. ARPA capital grant funding for the current year totaled more than $3.1 million.

- Capital asset additions for governmental activities include, but are not limited to, a fire truck; traffic signal equipment upgrades; recreation and playground equipment; Lifepak defibrillators; public safety radios; HVAC replacements; and drones supporting the Drone as a First Responder program. Projects completed during the year included Fire Station #2; portions of the city-wide fiber optic project; installation of playground shade canopies at Wilshire, J.A. Carr, and McCormick parks; construction of the PATS North entryway sign; installation of synthetic turf at Fenway, Shea, and Jacobs baseball fields; and the FY2025 street improvements project.

- Construction-in-progress related to general government activity of $25,894,626 at year-end primarily consisted of the following projects: West Pipeline Road reconstruction ($5.7M), police and court remodel ($14.7M), and animal shelter remodel ($5.3M).

- Capital asset additions for business-type activities include, but are not limited to, installation of a split-rail concrete fence at PATS North; renovation of the greens and other enhancements at Texas

Star Golf Course; and FY2025 curb and gutter improvements. Water line replacements were completed during the fiscal year at Midway Park 1st Addition, Oakwood Terrace, and along South Main Street.

- Construction-in-progress related to business-type operations of $3,814,979 principally consists of wastewater line replacements at Cedar Hills Estates South Phases I & II ($834K), Trailwood Addition ($2.5M), and along South Main ($227K).

Capital Assets (Net of Accumulated Depreciation)

Amounts shown in 000s	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 47,603	$ 44,105	$ 5,719	$ 5,719	$ 53,322	$ 49,824
Buildings	46,845	39,730	3,840	4,061	50,685	43,791
Other improvements	17,579	17,636	7,273	7,132	24,852	24,768
M&E	19,150	15,278	778	908	19,928	16,186
Infrastructure	62,786	59,883	79,476	72,020	142,262	131,903
Right-to-use equipment	10	73	37	93	47	166
Right-to-use software	724	942	-	5	724	233
Construction in Progress	25,895	13,171	3,815	4,744	29,710	17,915
Total	$ 220,592	$ 190,818	$ 100,938	$ 94,682	$ 321,530	$ 284,786

Additional information on the City's capital assets can be found in Note 3 on pages 59-61 of this report.

Long-term debt. At fiscal year-end, the City's outstanding debt totaled $80,865,996. Of this amount, $62,434,378 comprises debt backed by the full faith and credit of the government and $18,431,618 represents debt secured solely by specific revenue sources (i.e. revenue bonds).

Amounts shown in 000s	Governmental activities		Business-type activities		Total	
	2025	2024	2025	2024	2025	2024
GO Bonds	$ -	$ 685	$ -	$ 1,705	$ -	$ 2,390
COs	57,175	67,465	-	-	57,175	67,465
Premiums/discounts	2,900	3,391	(11)	45	2,889	3,436
Leases	10	73	37	93	47	166
Subscriptions	724	942	-	5	724	947
Tax notes	4,525	5,575	-	-	4,525	5,575
Revenue bonds	4,325	4,570	14,070	14,910	18,395	19,480
Deferred charges	-	(10)	-	(139)	-	(149)
Totals	$ 69,659	$ 82,691	$ 14,096	$ 16,619	$ 83,755	$ 99,310

Outstanding Debt

In fiscal year 2025, the City did not issue any new general bonded debt and no new bonded debt was issued for the City's enterprise operations. One new governmental SBITA was implemented at a cost of $121,954 during the year. The City's total debt decreased $15,007,966 or 15.7% during fiscal year 2025. This decrease was primarily attributable to scheduled principal payments and the early redemption of a large portion of the Glade Parks Debt and the Texas Star Golf Course Debt.

The City's debt continues to be highly rated by both Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services ("S&P"). Moody's maintains an Aa2 rating on the City's debt, while S&P rates the City's general obligation debt and water and wastewater revenue debt at AA+. Both agencies recognized the City's strong financial position, and specifically cited consistent budgetary performance, effective financial management, and healthy reserves as a basis for reaching this conclusion. Additionally, factors such as long-term financial and capital planning, along with positive economic growth indicators, contributed to the high ratings and reinforced the City's stable fiscal outlook and ability to meet debt service obligations. Additional information on the City's long-term debt can be found in Note 4 on pages 61-68.

Economic Factors and Next Year's Budgets and Rates

In the FY2025-26 budget, General Fund revenues and transfers in are budgeted to increase 7% compared to the FY2024-25 original budget. Property taxes account for approximately 42% of total budgeted revenues, while sales taxes comprise approximately 31%. Certified assessed taxable valuations as of July 25, 2025 increased 0.1% over the prior year. The property tax rate increased from 44.67¢ to 47.6466¢ per $100 of taxable assessed valuation for FY2025-26.

Sales tax revenues are projected to increase by approximately $1.8 million over the FY2024-25 original projections, while car rental tax receipts are expected to increase by $1.3 million.

Baseline General Fund expenditures, excluding capital programs, are projected to increase approximately 6.7% compared to the FY2024-25 original budget. The proposed employee pay plan includes step increases where applicable, a 3% baseline salary adjustment, and a one-time lump sum performance payment averaging 2% for non-step employees. The City elected to use excess reserves to fund capital needs.

For the Water and Wastewater Fund, the FY2025-26 budget continues the tiered rate structure for residential and irrigation water volume billing. Under this structure, customers pay graduated rates based on monthly consumption levels. Residential water volume rates range from $6.14 to $8.77 per thousand gallons. Single-family residential customers will continue to receive a rebate of 75¢ per 1,000 gallons for up to 15,000 gallons per month. A wastewater volume charge of $5.89 per thousand gallons applies to all customer classes, with residential wastewater charges capped at 12,000 gallons per month. Monthly base rates for residential water and wastewater service each increased by $1 compared to the prior year.

Annual funding for pay-as-you-go capital expenses increased by $25,000, bringing the total to $1,150,000. Planned capital items include water line replacement for Oakwood Terrace North Phases I and II, Vine Street engineering, and continued funding associated with the 52nd year of the Community Development Block Grant program.

The Texas Star Golf Course and Conference Centre remains a vibrant and valued community asset. Known for its championship-level course nestled within the DFW Metroplex, the facility has earned recognition as a premier municipal golf destination. It has been named among the "Top 10 Best Golf Courses to Tee Off at in & Around Fort Worth, Texas," described by Golf Digest as a "Great public course near DFW Airport," and ranked among the top 50 in "The Best Texas Golf Courses" by texasgolf.com. Raven's Grille and the Conference Centre continue to receive strong community support and positive reviews. The Conference Centre offers 7,000 square feet of divisible event space and hosts business conferences, weddings, concerts, and other events.

During FY2024-25, the course was closed for several months to complete green replacement. The improvements have significantly enhanced playing conditions, and the course has reopened in excellent condition. The adopted FY2025-26 budget includes revenue projections of $6,179,205 and budgeted operating expenses of $5,977,960.

Request for Information

The financial report is designed to provide citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Department, Attn: Janina Jewell, Director of Finance, at 201 North Ector Drive, Euless, Texas 76039, call (817) 685-1626, or e-mail jjewell@eulesstx.gov.

CITY OF EULESS, TEXAS
GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Deposits and investments	$ 140,009,213	$ 31,384,774	$ 171,393,987
Receivables, net of allowances	13,325,498	5,289,743	18,615,241
Lease receivables	4,795,692	279,366	5,075,058
Internal balances	(7,237,450)	7,237,450	-
Inventories, at cost	9,895	295,083	304,978
Prepaid items	1,229,411	36,675	1,266,086
Restricted assets			
Deposits and investments	13,315,148	5,192,951	18,508,099
Capital assets			
Land and construction in progress	73,497,706	9,533,524	83,031,230
Other capital assets, net of accumulated depreciation	146,360,139	91,367,655	237,727,794
Intangible right-to-use assets, net of accumulated amortization	734,378	36,618	770,996
Total assets	386,039,630	150,653,839	536,693,469
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	7,486,833	1,432,043	8,918,876
Deferred outflows related to OPEB	1,013,202	196,096	1,209,298
Total deferred outflows of resources	8,500,035	1,628,139	10,128,174
LIABILITIES			
Accounts payable	17,786,146	2,788,448	20,574,594
Contracts payable	2,494,210	-	2,494,210
Accrued liabilities	2,323,138	364,547	2,687,685
Accrued interest payable	288,119	46,709	334,828
Unearned revenue	-	947,115	947,115
Money held in escrow	-	2,497,950	2,497,950
Noncurrent liabilities			
Due within one year	7,858,412	1,412,363	9,270,775
Due in more than one year	83,358,247	16,665,765	100,024,012
Total liabilities	114,108,272	24,722,897	138,831,169
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension	3,219,643	619,041	3,838,684
Deferred inflows related to OPEB	3,793,293	735,036	4,528,329
Deferred inflows related to leases	4,795,692	279,366	5,075,058
Total deferred inflows of resources	11,808,628	1,633,443	13,442,071
NET POSITION			
Net investment in capital assets	167,340,305	86,841,468	254,181,773
Restricted for			
Debt service	4,368,968	1,311,479	5,680,447
Impact fees	-	3,881,472	3,881,472
Developer agreements	2,912,798	-	2,912,798
Court technology/building security	162,433	-	162,433
Juvenile cases	292,813	-	292,813
Cable PEG fees	652,693	-	652,693
Historical preservation	843	-	843
Opioid remediation	62,463	-	62,463
Unrestricted	92,829,449	33,891,219	126,720,668
Total net position	$ 268,622,765	$ 125,925,638	$ 394,548,403

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025

Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government							
Governmental activities							
Culture and recreation	$ 9,713,145	$ 282,656	$ 954	$ -	$ (9,429,535)	$ -	$ (9,429,535)
Development services	1,886,805	6,333,849	-	-	4,447,044	-	4,447,044
General and administrative	29,657,656	797,603	5,574	-	(28,854,479)	-	(28,854,479)
Highways and streets	5,037,137	134,381	-	7,248,688	2,345,932	-	2,345,932
Public safety	39,199,884	4,631,736	540,677	174,449	(33,853,022)	-	(33,853,022)
Interest	2,732,355	-	-	-	(2,732,355)	-	(2,732,355)
Total governmental activities	88,226,982	12,180,225	547,205	7,423,137	(68,076,415)	-	(68,076,415)
Business-type activities							
Water and wastewater	33,065,992	33,758,452	-	7,947,491	-	8,639,951	8,639,951
Drainage utility	1,678,417	1,255,830	-	1,676,294	-	1,253,707	1,253,707
Golf course	6,100,845	3,530,639	-	-	-	(2,570,206)	(2,570,206)
Other recreation enterprises	2,461,108	2,281,292	-	-	-	(179,816)	(179,816)
Total business-type activities	43,306,362	40,826,213	-	9,623,785	-	7,143,636	7,143,636
Total primary government	$ 131,533,344	$ 53,006,438	$ 547,205	$ 17,046,922	(68,076,415)	7,143,636	(60,932,779)
General Revenues							
Taxes							
Property taxes					31,876,634	-	31,876,634
Sales taxes					32,032,179	-	32,032,179
Car rental taxes					20,255,173	-	20,255,173
Mixed beverage taxes					258,974	-	258,974
Hotel/motel occupancy taxes					1,698,065	-	1,698,065
Gross receipts taxes					4,700,183	-	4,700,183
Investment income					7,610,517	1,506,353	9,116,870
Rents and royalties					1,423,846	-	1,423,846
Miscellaneous					2,156,954	-	2,156,954
Transfers					(1,882,072)	1,882,072	-
Total general revenues and transfers					100,130,453	3,388,425	103,518,878
Change in net position					32,054,038	10,532,061	42,586,099
NET POSITION, beginning of year					236,568,727	115,393,577	351,962,304
NET POSITION, end of year					$ 268,622,765	$ 125,925,638	$ 394,548,403

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	General Fund	Debt Service Fund	Car Rental Tax Fund
ASSETS			
Deposits and investments	$ 28,275,895	$ 2,780,127	$ 15,798,914
Receivables			
Property taxes	424,486	106,653	-
Accounts receivable	1,755,299	155,846	-
Accrued interest receivable	189,573	-	83,342
Due from other governments	3,324,748	-	3,475,997
Lease receivable	734,991	-	-
Prepaids and deposits	152,543	-	-
Inventories, at cost	9,895	-	-
Restricted deposits and investments	-	-	-
Total assets	$ 34,867,430	$ 3,042,626	$ 19,358,253
LIABILITIES			
Accounts payable	$ 2,389,149	$ 500	$ 12,229,845
Contracts payable	-	-	-
Accrued liabilities	1,226,697	-	-
Total liabilities	3,615,846	500	12,229,845
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	424,486	103,679	-
Unavailable revenue - other	150,399	-	-
Deferred inflow related to leases	734,991	-	-
Total deferred inflows of resources	1,309,876	103,679	-
FUND BALANCES			
Nonspendable			
Prepaids, deposits, and inventories	162,438	-	-
Restricted for			
Debt service	-	2,938,447	-
Capital projects	-	-	-
Developer agreements	-	-	-
Court technology/building security	162,433	-	-
Juvenile case management	-	-	-
Cable PEG fees	-	-	-
Historical preservation	-	-	-
Opioid remediation	62,463	-	-
Assigned	210,748	-	7,128,408
Unassigned	29,343,626	-	-
Total fund balances	29,941,708	2,938,447	7,128,408
Total liabilities, deferred inflows of resources, and fund balances	$ 34,867,430	$ 3,042,626	$ 19,358,253

The Notes to the Basic Financial Statements are an integral part of these statements.

General CIP Fund	Police CIP Fund	Non-major Governmental Funds	Total Governmental Funds
$ 14,380,892	$ 3,067,163	$ 37,012,658	$ 101,315,649
-	-	142,756	673,895
10,000	-	610,091	2,531,236
29,004	-	80,079	381,998
-	-	2,087,317	8,888,062
-	-	4,060,701	4,795,692
-	-	68,741	221,284
-	-	-	9,895
-	13,257,123	58,025	13,315,148
$ 14,419,896	$ 16,324,286	$ 44,120,368	$ 132,132,859
$ 1,006,176	$ 19,376	$ 1,775,325	$ 17,420,371
-	2,494,210	-	2,494,210
	-	214,705	1,441,402
1,006,176	2,513,586	1,990,030	21,355,983
-	-	-	528,165
-	-	34,324	184,723
-	-	4,060,701	4,795,692
-	-	4,095,025	5,508,580
-	-	68,741	231,179
-	-	1,430,521	4,368,968
-	10,762,913	58,025	10,820,938
-	-	2,912,798	2,912,798
-	-	-	162,433
-	-	292,813	292,813
-	-	652,693	652,693
-	-	843	843
-	-	-	62,463
13,413,720	3,047,787	32,647,600	56,448,263
-	-	(28,721)	29,314,905
13,413,720	13,810,700	38,035,313	105,268,296
$ 14,419,896	$ 16,324,286	$ 44,120,368	$ 132,132,859

THE CITY OF
EULESS

CITY OF EULESS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Total fund balances - governmental funds	$ 105,268,296
Amounts reported for governmental activities in the statement of net position are different because:	
Capital and intangible assets of governmental funds are not current financial resources, therefore, assets are not reported in the governmental funds balance sheet. Amount shown is net of accumulated depreciation and accumulated amortization.	210,349,430
Interest payable on long-term debt does not require current financial resources, therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(288,119)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment replacement, to individual funds. The assets and liabilities of the internal service funds are net of the amount allocated to business-type activities.	42,293,524
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.	712,888
Funds comprising the net OPEB liability ($2,670,152), deferred inflows ($3,793,293), and deferred outflows $1,013,202 of resources related to OPEB are not current financial resources, therefore, they are not reported in the governmental funds balance sheet.	(5,450,243)
Funds comprising the net pension liability ($13,105,374), deferred inflows ($3,219,643), and deferred outflows $7,486,833 of resources related to the pension are not current financial resources, therefore, they are not reported in the governmental funds balance sheet.	(8,838,184)
Long-term liabilities, including bonds payable and compensated absences (excluding those of internal service funds), are not due and payable in the current period, therefore, they are not reported in the fund financial statements.	(75,424,827)
Net position of governmental activities	$ 268,622,765

The Notes to the Basic Financial Statements
are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	General Fund	Debt Service Fund	Car Rental Tax Fund
Revenues			
Property tax	$ 23,228,682	$ 5,556,456	$ -
Gross receipts tax	4,652,664	-	-
Mixed beverage tax	258,974	-	-
Sales tax	19,514,896	-	-
Car rental tax	-	-	20,255,173
Fines and fees	5,150,784	-	-
Licenses and permits	6,295,717	-	-
Investment income	1,325,689	391,728	947,391
Intergovernmental	540,676	-	-
Rents and royalties	720,727	481,327	-
Other revenues	484,646	-	-
Total revenues	62,173,455	6,429,511	21,202,564
Expenditures			
Current			
Culture and recreation	4,117,975	-	-
Development services	1,526,434	-	-
General and administrative	12,560,852	-	13,564,649
Highways and streets	1,852,663	-	-
Public safety	32,439,450	-	-
Debt service			
Principal	171,724	12,214,017	-
Interest and fiscal charges	3,043	2,629,588	-
Capital outlay	2,244,243	-	151,816
Total expenditures	54,916,384	14,843,605	13,716,465
Excess (deficiency) of revenues over (under) expenditures	7,257,071	(8,414,094)	7,486,099
Other financing sources (uses)			
Issuance of subscription debt	121,954	-	-
Proceeds from sale of assets	11,350	-	-
Transfers in	3,916,314	8,597,988	750,000
Transfers out	(4,674,055)	(197,505)	(12,184,740)
Total other financing sources (uses), net	(624,437)	8,400,483	(11,434,740)
Net change in fund balances	6,632,634	(13,611)	(3,948,641)
Fund balances, beginning of year	23,309,074	2,952,058	11,077,049
Fund balances, end of year	$ 29,941,708	$ 2,938,447	$ 7,128,408

The Notes to the Basic Financial Statements are an integral part of these statements.

General CIP Fund	Police CIP Fund	Non-major Governmental Funds	Total Governmental Funds
$ -	$ -	$ 2,901,673	$ 31,686,811
-	-	1,745,584	6,398,248
-	-	-	258,974
-	-	12,517,283	32,032,179
-	-	-	20,255,173
-	-	-	5,150,784
-	-	-	6,295,717
697,915	990,459	1,587,683	5,940,865
-	-	810,336	1,351,012
45,240	-	84,567	1,331,861
-	-	213,798	698,444
743,155	990,459	19,860,924	111,400,068
-	-	4,290,483	8,408,458
-	-	273,521	1,799,955
11,574	-	935,589	27,072,664
-	-	3,850	1,856,513
-	-	4,178,018	36,617,468
-	-	275,837	12,661,578
-	-	157,211	2,789,842
6,611,661	11,765,161	7,476,598	28,249,479
6,623,235	11,765,161	17,591,107	119,455,957
(5,880,080)	(10,774,702)	2,269,817	(8,055,889)
-	-	-	121,954
-	-	-	11,350
3,347,505	-	13,021,659	29,633,466
-	-	(16,025,342)	(33,081,642)
3,347,505	-	(3,003,683)	(3,314,872)
(2,532,575)	(10,774,702)	(733,866)	(11,370,761)
15,946,295	24,585,402	38,769,179	116,639,057
$ 13,413,720	$ 13,810,700	$ 38,035,313	$ 105,268,296

THE CITY OF
EULESS

CITY OF EULESS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2025

Net change in fund balances - total governmental funds	$ (11,370,761)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount of capital expenditures recorded in the current period.	28,234,126
Governmental funds report cash proceeds from the disposal of capital assets as revenues, while only the net gain/loss on the transaction is reported in the statement of activities and capital contributions are not reported in governmental funds. This is the amount of capital contributions and disposals recorded in the current period.	7,079,248
Depreciation and amortization expense on capital and intangible assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation and amortization expenses are not reported as expenditures in the governmental funds.	(8,049,056)
The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position.	(121,954)
The repayment of the principal of long-term debt consumes current financial resources of governmental funds, but has no effect on net position.	12,672,513
Governmental funds report the effect of premiums, discounts, and deferred charges on refunding when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.	481,972
Current year changes in the long-term liabilities for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.	(3,361,382)
Current year changes in accrued interest payables do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.	52,217
Changes in the net OPEB liability and related deferred inflows and outflows not recognized on the fund financial statements under the modified accrual basis are recognized on the accrual basis in the government-wide financial statements.	1,818,099
Changes in the net pension liability and related deferred inflows and outflows not recognized on the fund financial statements under the modified accrual basis are recognized on the accrual basis in the government-wide financial statements.	12,021
Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment replacement, to individual funds. The net revenue of the internal service funds is reported with governmental activities net of the amount allocated to business-type activities.	4,519,926
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	87,069
Change in net position of governmental activities	$ 32,054,038

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
SEPTEMBER 30, 2025

	Business-Type Activities - Enterprise Funds					Governmental Activities -
ASSETS	**Water and Wastewater**	**Drainage Utility**	**Golf Course**	**Other Recreation Enterprises**	**Total Enterprise Funds**	**Internal Service Funds**
Current assets						
Deposits and investments	$ 24,831,327	$ 1,340,751	$ 2,416,058	$ 2,796,638	$ 31,384,774	$ 38,693,564
Accounts receivable and unbilled revenue less allowance for uncollectibles of $26,159 for water and wastewater and $363 for drainage utility	4,918,384	149,548	94,349	20,478	5,182,759	586,070
Accrued interest receivable	106,984	-	-	-	106,984	264,237
Lease receivable	-	-	-	39,386	39,386	-
Prepaids and deposits	26,244	-	10,431	-	36,675	1,008,127
Inventory	122,955	-	149,173	22,955	295,083	-
Total unrestricted current assets	30,005,894	1,490,299	2,670,011	2,879,457	37,045,661	40,551,998
Restricted deposits and investments						
W&WW impact fees	3,881,472	-	-	-	3,881,472	-
Revenue bond reserve for debt service	1,311,479	-	-	-	1,311,479	-
Total restricted assets	5,192,951	-	-	-	5,192,951	-
Total current assets	35,198,845	1,490,299	2,670,011	2,879,457	42,238,612	40,551,998
Non-current assets						
Lease receivable	-	-	-	239,980	239,980	-
Property, plant, and equipment in service, at cost						
Land	3,676,667	559,826	897,520	584,532	5,718,545	-
Building	3,324,896	-	3,621,666	488,275	7,434,837	-
Equipment	1,192,544	114,380	558,062	1,662,732	3,527,718	24,245,095
Improvements	1,097,773	1,346,583	9,370,315	10,089,466	21,904,137	-
Construction in progress	3,814,979	-	-	-	3,814,979	-
Utility system	122,102,351	34,863,695	-	-	156,966,046	-
Total property, plant, and equipment in service	135,209,210	36,884,484	14,447,563	12,825,005	199,366,262	24,245,095
Less accumulated depreciation	59,605,299	20,633,719	10,011,994	8,214,071	98,465,083	14,002,302
Net property, plant, and equipment in service	75,603,911	16,250,765	4,435,569	4,610,934	100,901,179	10,242,793
Intangible assets						
Right-to-use equipment	24,238	-	157,878	45,014	227,130	-
Right-to-use software	14,233	-	-	-	14,233	-
Total intangible assets	38,471	-	157,878	45,014	241,363	-
Less accumulated amortization	37,492	-	124,058	43,195	204,745	
Net intangible assets	979	-	33,820	1,819	36,618	-
Total non-current assets	75,604,890	16,250,765	4,469,389	4,852,733	101,177,777	10,242,793
Total assets	110,803,735	17,741,064	7,139,400	7,732,190	143,416,389	50,794,791
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pension	1,066,827	119,909	209,638	35,669	1,432,043	-
Deferred outflows related to OPEB	144,096	17,120	30,043	4,837	196,096	-
Total deferred outflows of resources	$ 1,210,923	$ 137,029	$ 239,681	$ 40,506	$ 1,628,139	$ -

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF NET POSITION – PROPRIETARY FUNDS – CONTINUED
SEPTEMBER 30, 2025

	Business-Type Activities - Enterprise Funds					Governmental Activities -
LIABILITIES	**Water and Wastewater**	**Drainage Utility**	**Golf Course**	**Other Recreation Enterprises**	**Total Enterprise Funds**	**Internal Service Funds**
Current liabilities						
Payable from current assets						
Accounts payable	$ 2,522,926	$ 54,607	$ 129,969	$ 80,946	$ 2,788,448	$ 365,775
Accrued salaries and wages	199,904	25,733	117,130	21,780	364,547	11,736
Current portion of bonds payable	845,000	-	-	-	845,000	-
Current portion of compensated absences	361,748	38,284	112,707	18,006	530,745	7,631
Current portion of lease liability	979	-	33,820	1,819	36,618	-
Accrued insurance claims	-	-	-	-	-	870,000
Unearned revenue	873,636	-	73,479	-	947,115	-
Accrued interest	46,709	-	-	-	46,709	-
Total current liabilities	4,850,902	118,624	467,105	122,551	5,559,182	1,255,142
Non-current liabilities						
Customer and escrow deposits	2,377,623	-	120,327	-	2,497,950	-
Net pension liability	1,929,055	183,359	233,487	56,699	2,402,600	-
Net OPEB liability	343,833	32,069	66,848	12,502	455,252	-
Bonds payable	13,214,711	-	-	-	13,214,711	-
Compensated absences	403,308	49,647	120,756	19,491	593,202	8,675
Total non-current liabilities	18,268,530	265,075	541,418	88,692	19,163,715	8,675
Total liabilities	23,119,432	383,699	1,008,523	211,243	24,722,897	1,263,817
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	415,470	37,881	150,337	15,353	619,041	-
Deferred inflows related to OPEB	539,973	63,976	112,974	18,113	735,036	-
Deferred inflows related to leases	-	-	-	279,366	279,366	-
Total deferred inflows of resources	955,443	101,857	263,311	312,832	1,633,443	-
NET POSITION						
Net investment in capital assets	61,544,200	16,250,765	4,435,569	4,610,934	86,841,468	10,242,793
Restricted for						
Impact fees	3,881,472	-	-	-	3,881,472	-
Debt service	1,311,479	-	-	-	1,311,479	-
Unrestricted	21,202,632	1,141,772	1,671,678	2,637,687	26,653,769	39,288,181
Total net position	$ 87,939,783	$ 17,392,537	$ 6,107,247	$ 7,248,621	118,688,188	$ 49,530,974
Reconciliation to government-wide statement of net position						
Adjustment to reflect the consolidation of internal service funds' activities related to enterprise funds					7,237,450	
Net position of business-type activities					$ 125,925,638	

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities - Enterprise Funds					Governmental Activities -
	Water and Wastewater	Drainage Utility	Golf Course	Other Recreation Enterprises	Total Enterprise Funds	Internal Service Funds
Operating revenues						
Water service	$ 18,900,713	$ -	$ -	$ -	$ 18,900,713	$ -
Reclaimed water service	789,249	-	-	-	789,249	-
Wastewater service	12,471,285	-	-	-	12,471,285	-
Drainage fees	-	1,255,830	-	-	1,255,830	-
Recreation fees	-	-	-	706,315	706,315	-
Insurance premiums	-	-	-	-	-	8,213,450
Service fees and miscellaneous	1,597,205	-	3,856,165	1,574,977	7,028,347	6,323,072
Total operating revenues	33,758,452	1,255,830	3,856,165	2,281,292	41,151,739	14,536,522
Operating expenses						
General and administrative	615,374	-	-	-	615,374	2,978,273
Water production	11,490,753	-	-	-	11,490,753	-
Water distribution	1,846,484	-	-	-	1,846,484	-
Utility engineering	535,914	-	-	-	535,914	-
Wastewater collection and treatment	7,425,014	-	-	-	7,425,014	-
Nondepartmental	5,702,384	-	-	-	5,702,384	-
Geographic information systems	786,120	-	-	-	786,120	-
Service center	1,499,323	-	-	-	1,499,323	-
Drainage	-	838,986	-	-	838,986	-
Recreation classes	-	-	-	544,378	544,378	-
Golf course	-	-	2,404,485	-	2,404,485	-
Pro shop	-	-	432,168	-	432,168	-
Food and beverage	-	-	1,619,615	-	1,619,615	-
Conference center	-	-	967,028	-	967,028	-
Cart operations	-	-	273,776	-	273,776	-
Parks at Texas Star	-	-	-	1,295,492	1,295,492	-
Arbor Daze	-	-	-	201,608	201,608	-
Insurance costs	-	-	-	-	-	8,364,028
Depreciation	2,804,938	838,965	402,840	457,403	4,504,146	2,266,774
Amortization	11,888	-	122,094	10,879	144,861	-
Total operating expenses	32,718,192	1,677,951	6,222,006	2,509,760	43,127,909	13,609,075
Operating income (loss)	1,040,260	(422,121)	(2,365,841)	(228,468)	(1,976,170)	927,447

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS – CONTINUED
YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities - Enterprise Funds					Governmental Activities -
	Water and Wastewater	Drainage Utility	Golf Course	Other Recreation Enterprises	Total Enterprise Funds	Internal Service Funds
Nonoperating revenues (expenses)						
Gain (loss) on sale of capital assets	$ -	$ -	$ (325,526)	$ -	$ (325,526)	$ 443,691
Investment income	1,146,285	49,957	197,948	112,163	1,506,353	1,669,654
Interest expense	(234,572)	-	(30,810)	(41)	(265,423)	-
Total nonoperating revenues, net	911,713	49,957	(158,388)	112,122	915,404	2,113,345
Income (loss) before contributions and transfers	1,951,973	(372,164)	(2,524,229)	(116,346)	(1,060,766)	3,040,792
Capital contributions	7,947,491	1,676,294	-	-	9,623,785	-
Transfers in	-	-	3,486,393	183,357	3,669,750	2,016,104
Transfers out	(2,175,708)	(61,970)	-	-	(2,237,678)	-
Net income (loss)	7,723,756	1,242,160	962,164	67,011	9,995,091	5,056,896
Total net position - beginning	80,216,027	16,150,377	5,145,083	7,181,610	108,693,097	44,474,078
Total net position - ending	$ 87,939,783	$ 17,392,537	$ 6,107,247	$ 7,248,621	$ 118,688,188	$ 49,530,974

Reconciliation to government-wide statement of net position	
Adjustment to reflect the consolidation of internal service funds' activities related to enterprise funds	536,970
Change in net position of business-type activities	$ 10,532,061

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities - Enterprise Funds					Governmental Activities -
	Water and Wastewater	Drainage Utility	Golf Course	Other Recreation Enterprises	Total Enterprise Funds	Internal Service Funds
OPERATING ACTIVITIES						
Cash received from customers	$ 30,949,862	$ 1,216,019	$ 3,939,187	$ 2,308,116	$ 38,413,184	$ 14,659,172
Cash payments to suppliers for goods and services	(26,610,197)	(306,405)	(3,070,439)	(1,546,142)	(31,533,183)	(11,526,514)
Cash payments to employees for services	(4,257,431)	(440,275)	(2,526,617)	(496,539)	(7,720,862)	(186,073)
Net cash provided by (used in) operating activities	82,234	469,339	(1,657,869)	265,435	(840,861)	2,946,585
NONCAPITAL FINANCING ACTIVITIES						
Transfer in	-	-	3,486,393	183,357	3,669,750	2,016,104
Transfer out	(2,175,708)	(61,970)	-	-	(2,237,678)	-
Net cash provided by (used in) noncapital financing activities	(2,175,708)	(61,970)	3,486,393	183,357	1,432,072	2,016,104
CAPITAL AND RELATED FINANCING ACTIVITIES						
Impact fees	343,127	-	-	-	343,127	-
Acquisition/construction of capital/intangible assets	(3,539,689)	(304,839)	(1,010,429)	(117,077)	(4,972,034)	(4,812,546)
Interest paid on capital debt	(236,542)	-	(36,143)	(41)	(272,726)	-
Principal paid on capital debt	(840,000)	-	(1,705,000)	-	(2,545,000)	-
Principal paid on leases	(5,858)	-	(39,657)	(10,879)	(56,394)	-
Principal paid on subscriptions	(4,743)	-	-	-	(4,743)	-
Capital contributions - cash and cash equivalents	3,105,922	-	-	-	3,105,922	-
Proceeds from sale of capital assets	-	-	-	-	-	479,338
Net cash used in capital and related financing activities	(1,177,783)	(304,839)	(2,791,229)	(127,997)	(4,401,848)	(4,333,208)
INVESTING ACTIVITIES						
Interest received on investments	1,168,545	49,957	197,948	112,163	1,528,613	1,710,607
Net cash provided by investing activities	1,168,545	49,957	197,948	112,163	1,528,613	1,710,607
Net change in cash and cash equivalents	(2,102,712)	152,487	(764,757)	432,958	(2,282,024)	2,340,088
Cash and cash equivalents, beginning of year	32,126,990	1,188,264	3,180,815	2,363,680	38,859,749	36,353,476
Cash and cash equivalents, end of year	$ 30,024,278	$ 1,340,751	$ 2,416,058	$ 2,796,638	$ 36,577,725	$ 38,693,564

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS – CONTINUED
YEAR ENDED SEPTEMBER 30, 2025

	Business-Type Activities - Enterprise Funds					Governmental Activities -
	Water and Wastewater	Drainage Utility	Golf Course	Other Recreation Enterprises	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	$ 1,040,260	$ (422,121)	$ (2,365,841)	$ (228,468)	$ (1,976,170)	$ 927,447
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	2,816,826	838,965	524,934	468,282	4,649,007	2,266,774
Changes in assets and liabilities:						
Accounts receivable and unbilled revenue	227,207	(39,811)	91,357	26,824	305,577	122,650
Prepaids and deposits	(6,928)	-	11,214	-	4,286	(229,056)
Inventory	5,765	-	(25,857)	1,529	(18,563)	-
Net OPEB liability	(216,082)	(23,805)	(49,442)	(7,324)	(296,653)	-
Net pension liability	(733,808)	(80,844)	(167,905)	(24,875)	(1,007,432)	-
Deferred outflows	579,103	73,098	51,464	17,737	721,402	-
Deferred inflows	131,798	4,045	91,056	(33,120)	193,779	-
Accounts payable	(1,210,068)	54,607	30,468	19,034	(1,105,959)	(393,192)
Accrued salaries and wages	20,692	5,388	7,456	2,150	35,686	14,963
Accrued insurance claims	-	-	-	-	-	236,999
Compensated absences	463,266	59,817	151,562	23,666	698,311	-
Customer and escrow deposits	70,125	-	(3,008)	-	67,117	-
Unearned revenue	(3,105,922)	-	(5,327)	-	(3,111,249)	-
Net cash provided by (used in) operating activities	$ 82,234	$ 469,339	$ (1,657,869)	$ 265,435	$ (840,861)	$ 2,946,585
Noncash financing activities						
Developer contributed assets	$ 7,604,364	$ 1,676,294	$ -	$ -	$ 9,280,658	$ -
Reconciliation of cash to balance sheet:						
Cash - current	$ 24,831,327	$ 1,340,751	$ 2,416,058	$ 2,796,638	$ 31,384,774	$ 38,693,564
Cash - restricted	5,192,951	-	-	-	5,192,951	-
Cash and cash equivalents	$ 30,024,278	$ 1,340,751	$ 2,416,058	$ 2,796,638	$ 36,577,725	$ 38,693,564

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
SEPTEMBER 30, 2025

	Star Center Escrow Custodial Fund	OPEB Trust Fund
ASSETS		
Investments at fair value		
Investment pool	$ 1,436,017	$ -
Money market account	-	391,655
Fixed income funds	-	6,477,898
Equity funds	-	10,460,297
Total assets	1,436,017	17,329,850
LIABILITIES		
Refunds payable	15,470	-
Total liabilities	15,470	-
NET POSITION		
Restricted for		
Debt service	1,420,547	-
Other post-employment benefits	-	17,329,850
Total net position	$ 1,420,547	$ 17,329,850

The Notes to the Basic Financial Statements are an integral part of these statements.

CITY OF EULESS, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED SEPTEMBER 30, 2025

	Star Center Escrow Custodial Fund	OPEB Trust Fund
ADDITIONS		
Employer contributions	$ -	$ 2,019,008
Other contributions	-	300,233
Investment income		
Investment income	63,210	1,548,284
Less: investment expense	-	(85,655)
Net investment income	63,210	1,462,629
Total additions	63,210	3,781,870
DEDUCTIONS		
Payments to beneficiaries	63,210	-
Insurance claims	-	1,309,524
Administrative expenses	-	224,115
Total deductions	63,210	1,533,639
Change in net position	-	2,248,231
Net position - beginning of year	1,420,547	15,081,619
Net position - ending	$ 1,420,547	$ 17,329,850

The Notes to the Basic Financial Statements are an integral part of these statements.

THE CITY OF
EULESS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The City of Euless (the City) was incorporated on February 24, 1953. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: general government, police and fire protection, emergency ambulance service, road and traffic signal maintenance, water and wastewater operations, drainage system, parks and recreational facilities, courts, library services, planning land use, building inspection, and traffic control.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*.

The more significant accounting policies of the City are described as follows:

Financial Reporting Entity

As required by GAAP, these basic financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. The blended component units, although legally separate entities, are, in substance, part of the primary government's operations. As such, data from these units is combined with data of the primary government.

Blended Component Units

The City includes four component units in the financial statements. The Euless Development Corporation (Corporation) is used to account for the accumulation of half-cent sales tax proceeds dedicated to building and improving City parks and facilities, enhancing library services, and stimulating economic development activities within the City. The Euless Crime Control and Prevention District (District) is used to account for the accumulation and use of quarter-cent sales tax proceeds dedicated for crime reduction programs. The Corporation and the District are reported as special revenue funds of the primary government. The Boards of Directors of both component units are substantively the same as the City Council. There are seven directors on each board, four of whom are council members which constitutes a voting majority of the City Council. The remaining three board members are residents of the City.

Upon dissolution of the Corporation or the District, the entity's assets will be distributed to the City. Each component unit provides all of its services to the City. The financial statements for the units were obtained from the respective Boards of Directors. Financial information for both entities may be obtained from the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Reporting Entity – Continued

Blended Component Units – Continued

The Tax Increment Reinvestment Zone #3 – Glade Parks (TIRZ #3) is also a blended component unit of the City and is reflected in the financial statements as a special revenue fund. TIRZ #3 was created to stimulate development and enhance the value of taxable real property within the boundaries of the zone. Tarrant County and Tarrant County College District are taxing entities participating in TIRZ #3. The Board of Directors of TIRZ #3 is substantially the same as the City Council and management of the City has operational responsibility for TIRZ #3. The Board is comprised of seven directors, four of whom are council members which constitutes a voting majority of the Board. The remaining three board members are representatives selected by the other participating taxing entities and the Tarrant County Hospital District. Financial information for TIRZ #3 may be obtained from the City.

The Tax Increment Reinvestment Zone #4 – Midtown (TIRZ #4) is also a blended component unit of the City and is reflected in the financial statements as a special revenue fund. The Midtown CIP Fund is also part of TIRZ#4. TIRZ #4 was created to stimulate development and enhance the value of taxable real property within the boundaries of the zone. Tarrant County, Tarrant County Hospital District, and Tarrant County College District are taxing entities participating in TIRZ #4. The Board of Directors of TIRZ #4 is substantially the same as the City Council and management of the City has operational responsibility for TIRZ #4. The Board is comprised of seven directors, four of whom are council members which constitutes a voting majority of the Board. The remaining three board members are representatives selected by the other participating taxing entities. Financial information for TIRZ #4 may be obtained from the City.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City, except fiduciary funds. The effect of interfund activity, with the exception of interfund services provided or used, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate compliance with various legal provisions. Separate statements are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses, and balances of current financial resources. The City has presented the following major governmental funds:

General Fund

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid primarily from property taxes levied by the City. The fund balance of the Debt Service Fund is restricted for debt service expenditures.

Car Rental Tax Fund

The Car Rental Tax Fund is used to account for revenues received from the collection of short-term motor vehicle rental taxes and the expenditures thereof. Per contractual agreement, revenues are shared with the cities of Dallas and Fort Worth. The City's portion of the revenue is used primarily for debt reduction, one-time capital projects, and to maintain the property tax rate.

General CIP Fund

The General CIP Fund is used to account for various general construction projects within the City.

Police CIP Fund

The Police CIP Fund is used to account for various construction projects related to the City Police and Courts building renovation primarily funded with Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 2023 issuance.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included on the statement of net position. The City has presented the following proprietary funds:

Water and Wastewater Fund

Water and Wastewater Fund is used to account for the acquisition, operation and maintenance of a municipal water and wastewater utility, supported primarily by user charges.

Drainage Utility Fund

Drainage Utility Fund is used to account for the acquisition, operation, and maintenance of a municipal drainage utility, supported primarily by user charges.

Golf Course Fund

Golf Course Fund is used to account for operation and maintenance of the City's golf course, supported primarily by user charges.

Other Recreation Enterprises Fund

Other Recreation Enterprises Fund is used to account for operations and maintenance of recreation programming, Arbor Daze, and the Parks at Texas Star, supported primarily by user charges.

Additionally, the City reports the Internal Service Funds which are used to account for equipment replacement, risk management, and self-funded health insurance coverage and disability insurance provided to employees of the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies, and depreciation on capital assets.

The City also reports two fiduciary funds in the financial statements. The Stars Center Escrow Custodial Fund is a custodial fund that accounts for investments that will be held on behalf of the Dallas Stars until the debt issued for the specific purpose of purchasing the Stars Center is fully repaid. Custodial funds account for resources held for others in a custodial capacity. This fund type is used to account for assets held by the City as an agent.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation – Continued

The OPEB Trust Fund accounts for the accumulation and use of resources for benefit payments related to post-employment health care.

The fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Reporting is oriented toward providing accountability for the sources, uses, and balances of resources held for others; therefore, the additions and deductions in fiduciary balances are reported. With this measurement focus, assets and liabilities which are due and payable associated with the operation of these funds are included on the funds' statements of net position. The funds' equity is segregated into restricted net position and unrestricted net position, if applicable.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide, proprietary fund and fiduciary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, deferred inflows/outflows of resources, and liabilities (whether current or noncurrent) are included on the statement of net position and the operating statements present increases and decreases in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water, wastewater, and drainage services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes and other revenues as available if they are collected within 60 days of year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and other long-term liabilities are recorded only when payment is due.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus and Basis of Accounting – Continued

The significant revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income, and intergovernmental revenues. Sales taxes and short-term motor vehicle rental taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. All other governmental fund revenues are recognized when received.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Deposits and Investments

Substantially all operating cash, deposits, and short-term investments are maintained in consolidated cash accounts or individual fund investment accounts. Related interest income is allocated to the various funds based primarily on ownership by each fund of specific investments. Cash equivalents consist of highly-liquid investments with original maturities of three months or less.

For purposes of the statement of cash flows, the City considers all highly liquid investments to be cash equivalents.

Investments in U.S. Treasury and agency obligations with maturities of one year or less when purchased are reported at amortized cost. All other investments are reported at fair value.

State statutes authorize the City to invest in obligations of the U.S. Government or its agencies; obligations of the State of Texas or its agencies; and certain other obligations, repurchase agreements, money market mutual funds, and certificates of deposits within established criterion.

Property Taxes

Property taxes are levied for appropriation for the fiscal year beginning on October 1, are due October 1, attach as an enforceable lien on property as of January 1, and become delinquent on February 1. Property taxes are accrued based on the period for which they are levied and available. Delinquent taxes estimated not to be available are treated as deferred inflows of resources. Property taxes for cities, including those applicable to debt service, are limited by the Texas Constitution to $2.50 per $100 of assessed valuation. The City's current tax rate is $0.4467 per $100 of assessed valuation ($0.4575 per $100 last year) and assessed valuation is approximately 100% of estimated value.

Inventories

Inventories, which are recognized as expenditures/expenses as consumed, are stated at cost (first-in, first-out method) for the General Fund, Enterprise Funds and Internal Service funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Inventories – Continued

Inventories consist primarily of expendable supplies for the General Fund and Internal Service funds and merchandise for resale for the Enterprise Funds.

Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and are recognized as expenditures utilizing the consumption method.

Transactions Between Funds

Interfund services provided and used are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as a reduction of expenditures or expenses in the fund reimbursed. All other interfund transactions are recorded as transfers.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are recorded at acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Capitalized assets have an original cost of $5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	33 1/3 years
Water and wastewater system	33 1/3 years
Storm drainage system	33 1/3 years
Infrastructure	7 - 40 years
Machinery and equipment	5 - 15 years
Improvements	25 years
Right-to-use assets	5 - 15 years

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Leases - Lessee

The City is a lessee for noncancellable leases of property and equipment. The City recognizes a lease liability, reported with long-term debt, and right-to-use lease asset (lease asset), reported with other capital assets in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest charged by the lessor as the discount rate. When no interest rate is provided by the lessor, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Subscription-Based Information Technology Arrangements (SBITAs)

The City has noncancellable contracts with SBITA vendors for the right-to-use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The City recognizes subscription liabilities with an initial, individual value of $25,000 or more.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subscription-Based Information Technology Arrangements (SBITAs) - Continued

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When no interest rate is provided by the vendor, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Compensated Absences

Employees may accumulate a maximum of two times their annual vacation accrual. The City's policy is to pay the employee accumulated vacation upon termination. The City does not pay employees for accumulated sick leave upon termination. The short-term portion of vacation pay and sick leave accrued in the proprietary fund financial statements is reported as short-term compensated absences (a current liability). The long-term component is reflected in non-current liabilities as compensated absences. Compensated absences are recorded in governmental funds as they mature (i.e., as taken).

GASB Statement No. 101, *Compensated Absences*, was implemented during year ending September 30, 2025 and improves the information provided to financial statements users by updating the recognition and measurement requirements for compensated absences under a unified model and amending certain previously required disclosures.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Compensated Absences - Continued

Upon implementation, the City recognized a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee benefit account) during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements.

Fund Balance Classifications

Fund balances are classified as follows on the governmental fund financial statements:

	Reported in						
	General Fund	Debt Service Fund	Car Rental Tax Fund	General CIP Fund	Police CIP Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable	$ 162,438	$ -	$ -	$ -	$ -	$ 68,741	$ 231,179
Restricted for							
Debt service	-	2,938,447	-	-	-	1,430,521	4,368,968
Capital projects	-	-	-	-	10,762,913	58,025	10,820,938
Developer agreements	-	-	-	-	-	2,912,798	2,912,798
Court tech/building security	162,433	-	-	-	-	-	162,433
Juvenile case management	-	-	-	-	-	292,813	292,813
Cable PEG fees	-	-	-	-	-	652,693	652,693
Historical preservation	-	-	-	-	-	843	843
Opioid remediation	62,463	-	-	-	-	-	62,463
Assigned							
Capital projects	-	-	-	13,413,720	3,047,787	20,107,711	36,569,218
Betterments	99,255	-	-	-	-	-	99,255
Emergency/radio systems	47,230	-	-	-	-	-	47,230
Tourism and conference facilities	-	-	-	-	-	2,238,089	2,238,089
Parks, library, and economic development	-	-	-	-	-	4,849,682	4,849,682
Police department	-	-	-	-	-	2,796,416	2,796,416
Other	64,263	-	7,128,408	-	-	2,655,702	9,848,373
Unassigned	29,343,626	-	-	-	-	(28,721)	29,314,905
Total	$ 29,941,708	$ 2,938,447	$ 7,128,408	$ 13,413,720	$ 13,810,700	$ 38,035,313	$ 105,268,296

Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified prepaid items and inventory as being non-spendable.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Classifications – Continued

The City has recorded the following restrictions at year-end:

a. Restricted for debt service represents that portion of fund equity legally restricted for retirement of bond principal and payment of interest and related charges.
b. Restricted for capital projects represents that portion of fund equity legally restricted by debt covenant for capital projects and capital equipment purchases.
c. Restricted for developer agreements represents the portion of fund equity that must be used for future improvements to various development areas within the City.
d. Restricted for court technology/building security represents funds collected from court fees that must be used to upgrade court systems or building security.
e. Restricted for juvenile case processing represents funds collected from a fee on municipal court citations that must be used to support the expenditures associated with juvenile case processing.
f. Restricted for cable PEG fees represents the portion of fund equity that must be used for the expansion of the City's public, educational, and government access channel.
g. Restricted for historical preservation represents donations that must be used toward the preservation of the City's historical sites.
h. Restricted for opioid remediation represents the portion of fund equity that must be used for opioid remediation activities.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action (ordinance) of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City has no committed fund balance at year-end.

Assigned: This classification includes amounts that are constrained by the City's intended use for a specific purpose but are neither restricted nor committed. The City Council delegates the authority for determining this intent to the City Manager. Assignments are made at the City Manager's discretion, but generally represent items for which specific funds have been informally dedicated internally. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City has recorded the following assignments at year-end:

a. Assigned for capital projects represents revenue sources that are to be used for capital projects for the City.
b. Assigned for betterment represents funds donated by citizens that are to be used for the betterment of the community.
c. Assigned for emergency/radio systems represents funding that is to be used to upgrade emergency and radio systems.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Classifications – Continued

d. Assigned for tourism and conference facilities represents funds to promote the City through tourism, conference booking, and historical preservation.
e. Assigned for parks, libraries, and economic development represents funds from sales taxes that are to be used for park improvements, library activities, and economic development throughout the City.
f. Assigned for the police department are funds from the Crime Control and Prevention District and police drug arrests and asset seizures to be used for police department expenditures.
g. Assigned for other are funds from specific revenues that are to be spent for facility remodel, victim assistance, and injured animals, as well as residual balances of selected special revenue funds.

Unassigned: This classification includes all amounts that are not included in other spendable classifications and the remaining negative fund balance for any governmental funds. The General Fund is the only fund that reports a positive unassigned fund balance.

When available, the City uses restricted fund balances first, followed by committed resources, assigned resources, then unassigned resources, as appropriate opportunities arise. However, the City reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources of governmental and business-type activities and proprietary funds. Net investment in capital assets consists of capital assets, net of accumulated depreciation, plus capital-related deferred outflows of resources, reduced by the outstanding balances of any borrowing and capital related deferred inflows of resources used for the acquisition, construction, or improvements of those assets, plus unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Pensions

For purposes of measuring the net pension liability, pension-related deferred outflows and inflows of resources, and pension expense, City-specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, OPEB-related deferred outflows and inflows of resources, and OPEB expense, City-specific information about its Fiduciary Net Position and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's OPEB liability is obtained from an actuarial valuation through a report prepared for the City by their consulting actuary in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position reports a separate section for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption and acquisition of net assets that apply to a future period(s) and will not be recognized as an outflow or inflow of resources (expense/expenditure or revenue) until then. The City has the following items that qualify for reporting as deferred outflows and inflows of resources:

- Pension contributions subsequent to the measurement date – these contributions are deferred and recognized in the following fiscal year (deferred outflow of resources).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Outflows/Inflows of Resources – Continued

- Difference in pension expected and actual experience – this difference is deferred and amortized over a closed period that approximates the estimated average remaining lives of all members on the measurement date (deferred outflow and inflow of resources).
- Changes in pension actuarial assumptions – this difference is deferred and amortized over a closed period that approximates the estimated average remaining lives of all members on the measurement date (deferred inflow of resources).
- Difference in projected and actual investment earnings for pension assets – the difference is deferred and amortized over a closed five-year period (deferred outflow of resources).
- Difference in OPEB expected and actual investment experience – this difference is deferred and amortized over a closed period that approximates the estimated average remaining lives of all members on the measurement date (deferred inflow of resources).
- Changes in OPEB actuarial assumption changes – this difference is deferred and amortized over a closed period that approximates the estimated average remaining lives of all members on the measurement date (deferred outflow and inflow of resources).
- Difference in projected and actual investment earnings on OPEB assets – this difference is deferred and amortized over a closed five-year period (deferred inflow of resources).
- Leases – this amount results from the City's long-term lease agreements in which the City is a lessor. This amount is deferred and amortized over the lease period (deferred inflow of resources).

Tax Abatements

The City provides tax abatement programs through economic development agreements designed to promote local economic development and redevelopment; spur economic improvement; stimulate business and commercial activity within the City; retain, create, and attract jobs; train and retrain employees of local businesses; generate additional sales tax and enhance the property tax base and economic condition of the City. Agreements generally contain recapture provisions which may require repayment or termination if the recipients do not meet the required provisions.

As of September 30, 2025, the City has two categories of tax abatement programs for economic development:

Tax Abatements – The City has designated tax reinvestment zones and negotiated tax abatement agreements with applicants as authorized by the Texas Tax Code Chapter 312 and administered through the City's Tax Abatement Policy to promote development and redevelopment within the City. Such abatement agreements authorize the appraisal district to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Tax Abatements - Continued

Recipients receiving tax abatements generally commit to the creation of new value of eligible property improvements, either for new or improved existing facilities, made subsequent to the agreement ranging from 35% to 75% for up to 10 years. No property taxes were abated under this program in fiscal year 2025.

General Economic Development Agreements – The City has entered into various agreements under Texas Local Government Code Chapter 380 to stimulate economic development. Such agreements may provide rebates, grants, or loans for promotion of economic development including attracting new business and encouraging expansion or retention of existing businesses. Rebates may be a flat amount or percentage of property taxes or sales taxes received by the City. For fiscal year 2025, the City rebated $1,194,992 in sales taxes, or 3.73% of the total sales tax revenues and $16,572 in property tax revenue, or less than 0.05% of the total property tax revenues. These rebates are reflected in non-departmental expenditures in the general fund and in general and administrative expenditures in the EDC fund.

Leases - Lessor

The City is a lessor for noncancellable leases of property and buildings. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund and proprietary fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease payments.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 2. DEPOSITS AND INVESTMENTS

Deposits

State statutes and the City's investment policy require that all uninsured deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies or instrumentalities or direct obligations of Texas or its agencies or instrumentalities that have a market value of not less than the principal amount of the deposits or by a letter of credit issued by a federal home loan bank. The City's deposits were fully insured or collateralized as required by state statutes as of September 30, 2025. At year-end, the carrying amount of the City's deposits was $6,773,077, with a bank balance of $7,063,764.

The total bank balance is covered by Federal Depository Insurance Corporation (FDIC) insurance or by collateral for balances in excess of FDIC coverage. Collateral is held by Bank of NY Mellon in the City's name under a joint safekeeping agreement with Frost National Bank for City deposits at Frost Bank. The market value of the collateral provided by Frost Bank at the close of the fiscal year was $7,314,988 plus FDIC coverage of $250,000.

Investments

State statutes, City bond ordinances, and City resolutions authorize the City's investments. The City is authorized to invest in obligations of the U.S. Government and its agencies and instrumentalities, obligations of the State of Texas and its agencies and instrumentalities, fully-insured or collateralized certificates of deposit, fully-collateralized repurchase agreements and reverse repurchase agreements, government pools, and no-load SEC-registered money market funds consisting of any of these securities listed.

Because the City is responsible for the investment portfolio of its component units, the City's investment practices and policies disclosed herein apply equally to its component units. During the year ended September 30, 2025, the City did not own any types of securities other than those permitted by statute.

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Investments – Continued

Investment Type	Book Value	Fair Value Level 2	% of Portfolio	WAM	Rating	Rating Agency
Investments measured at amortized cost:						
Investment Pools:						
TexasClass	$ 41,345,093		22%	17	AAAm	S&P
TexPool	41,548,201		23%	44	AAAm	S&P
TexSTAR	41,446,655		22%	50	AAAm	S&P
Investments measured at fair value:						
Certificates of Deposit	6,238,000	6,269,727	4%	9	Not rated	
U.S. Government Agency Securities:						
FNMA	1,000,000	1,001,530	1%	5	AA+/Aa1	S&P/Moody's
FFCB	22,980,134	23,076,950	12%	39	AA+/Aa1	S&P/Moody's
FHLB	24,490,040	24,538,345	13%	72	AA+/Aa1	S&P/Moody's
FAMCA	5,998,500	6,034,450	3%	19	Not rated	
Totals	$ 185,046,623	$ 60,921,002	100%			

Weighted average maturity (WAM) of the portfolio by investment type categories reflected in the previous table is stated in days. For the investment pools, the Reset WAM is presented. Investment type acronyms displayed in the previous table are defined as follows: FNMA – Federal National Mortgage Association, FFCB – Federal Farm Credit Bank, FHLB – Federal Home Loan Bank, and FAMCA – Federal Agricultural Mortgage Corporation. The rating agency acronyms are defined as follows: S&P – Standard and Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. and Moody's – Moody's Investor Service, Inc. Additional information about the rating agency or the significance of the ratings provided may be obtained from each agency's web site.

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs – other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Investments – Continued

Fair Value – Continued

The City has recurring fair value measurements as presented in the previous table. The City's investment balances and weighted average maturity of such investments are as shown.

Investment pools are measured at amortized cost and are exempt from fair value reporting.

U.S Treasury and U.S. Government Agency Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Certificates of Deposit classified in Level 2 of the fair value hierarchy are valued using inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

All of the public fund investment pools (pools) in which the City is a participant use amortized cost to value the portfolio. Amortized cost, in most cases, approximates the market value of the securities held. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The pools in which the City invests transact at a net asset value of $1.00 per share, have a weighted average maturity of 60 days or less and weighted average life of 120 days or less, hold investments that are highly rated by a nationally recognized statistical rating organization, have no more than 5% of the portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions.

The TexPool investment pool is an external investment pool that has a redemption notice period of one day and has no maximum transaction amounts. Texpool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool's liquidity.

The TexSTAR investment pool is an external investment pool with an investment strategy that seeks preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. TexSTAR has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool's liquidity.

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Investments – Continued

Fair Value – Continued

The MBIA Texas CLASS Investment Pool is governed by a Board of Trustees. The number of trustees is determined and elected by the participants in the pool annually but it must be comprised of an odd number with a minimum of three trustees. The Board meets upon the request of at least two trustees, but not less than once annually. The pool is tailored to comply with the Public Funds Investment Act. Duties of the governing board include oversight responsibility.

TexPool falls under the purview of the Texas Comptroller of Public Accounts (Comptroller) who is responsible for oversight of TexPool operations. The Comptroller exercises oversight of the pools' activities via daily, weekly, and monthly reporting requirements. Federated Hermes is responsible for managing pool assets and day-to-day operations. TexSTAR is duly chartered and administered by HilltopSecurities Inc. and JP Morgan Asset Management. TexSTAR has established a governing board that is partially comprised of pool participants. Duties of the governing board include oversight responsibility.

Additionally, per the requirements of the Public Funds Investment Act (PFIA), all pools will maintain an AAA or equivalent rating from at least one nationally recognized rating agency. The PFIA also requires an annual examination of the financial statements of the pools by an independent certified public accounting firm. In connection with the financial audit, a compliance audit of management controls on investments and adherence to the investment policies is also required.

Interest Rate Risk

In compliance with the City's Investment Policy, as of September 30, 2025, the City minimized the interest rate risk, the risk relating to the decline in market value of securities in the portfolio, by: limiting the weighted average maturity to 365 days and the stated maturity to two years or less, with the exception of securities purchases related to reserve funds; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the secondary market prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the PFIA; and investing funds primarily in money market mutual funds, government investment pools, and shorter-term securities.

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Interest Rate Risk – Continued

The following table details the maturity schedule for the City's investment portfolio as of September 30, 2025:

Maturity Schedule	Book Value	Fair Value	% of Portfolio
Overnight	$ 124,339,949	$ 124,339,949	67%
Less than 1 month	240,000	240,000	0%
1 to 6 months	13,665,460	13,684,160	8%
6 to 9 months	7,914,624	7,942,024	4%
9 to 12 months	2,478,800	2,492,226	1%
12 to 18 months	17,717,000	17,779,187	10%
18 to 24 months	5,194,540	5,216,860	3%
24 to 36 months	13,496,250	13,566,545	7%
Total	$ 185,046,623	$ 185,260,951	100%

Credit Risk

In compliance with the City's Investment Policy, as of September 30, 2025, the City minimized credit risk losses due to default of a security issuer or backer, by: limiting investments to the safest types of securities; primarily investing in U.S. Agency Bonds rated AA+ by Standard & Poor's; pre-qualifying financial institutions, brokers/dealers, and advisors with which the City will do business; and diversifying the investment portfolio so that the potential losses on securities are minimized.

Custodial credit risk – risk that a government will not be able to recover (a) deposits if the depository financial institution fails or (b) the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails. To minimize such risk, the City requires collateralization of deposits in excess of FDIC coverage, utilizes the delivery vs. payment method for investment purchases, and contracts with a third-party collateral safekeeping agent.

Per the terms of its depository agreement, for bank deposits in excess of the coverage provided by the FDIC, the City requires the depository bank to pledge to the City securities (collateral) equal to 105% of the largest balances the City maintains in the bank. The percentage as shown reflects the requirement based on market value of the pledged securities. The City actively monitors and manages collateral levels for all deposits. On September 30, 2025, the City's bank balances were fully insured or collateralized.

The City's depository bank also acts as its safekeeping agent per the terms of the depository contract. City policy dictates that all securities rendered for payment will be sent delivery vs. payment, meaning that the funds required for purchase of a security will not be released until the safekeeping agent has received the security purchased in the City's name. No broker holds City funds. The City does not purchase securities from its depository bank or any subsidiary banks of the same bank holding company.

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025, was as follows:

	Balance Beginning of Year	Increase	Decrease	Adjustment/ Transfer	Balance End of Year
Governmental activities					
Capital assets - nondepreciable					
Land	$ 44,105,486	$ 3,497,594	$ -	$ -	$ 47,603,080
Construction in progress	13,170,648	27,870,923	-	(15,146,945)	25,894,626
Total nondepreciable capital assets	57,276,134	31,368,517	-	(15,146,945)	73,497,706
Capital assets - depreciable/amortizable					
Buildings	76,707,169	-	(185,635)	9,470,814	85,992,348
Improvements other than buildings	25,645,773	-	(21,125)	785,398	26,410,046
Infrastructure	118,490,480	3,715,646	-	2,438,015	124,644,141
Machinery and equipment	39,792,970	5,243,524	(1,780,376)	2,452,718	45,708,836
Intangible:					
Right-to-use equipment	259,697	-	-	-	259,697
Right-to-use software	1,384,586	121,954	-	-	1,506,540
Total depreciable/amortizable capital assets	262,280,675	9,081,124	(1,987,136)	15,146,945	284,521,608
Less accumulated depreciation/amortization					
Buildings	(36,977,307)	(2,193,597)	22,943	-	(39,147,961)
Improvements other than buildings	(8,009,431)	(842,613)	21,125	-	(8,830,919)
Infrastructure	(58,607,581)	(3,250,235)	-	-	(61,857,816)
Machinery and equipment	(24,515,363)	(3,626,872)	1,583,699	-	(26,558,536)
Intangible:					
Right-to-use equipment	(186,438)	(62,766)	-	-	(249,204)
Right-to-use software	(442,907)	(339,748)	-	-	(782,655)
Total accumulated depreciation/amortization	(128,739,027)	(10,315,831)	1,627,767	-	(137,427,091)
Net depreciable/amortizable capital assets	133,541,648	(1,234,707)	(359,369)	15,146,945	147,094,517
Total governmental activities capital assets, net	$ 190,817,782	$ 30,133,810	$ (359,369)	$ -	$ 220,592,223

NOTE 3. CAPITAL ASSETS – CONTINUED

	Balance Beginning of Year	Increase	Decrease	Adjustment/ Transfer	Balance End of Year
Business-type activities					
Capital assets - nondepreciable					
Land	$ 5,718,545	$ -	$ -	$ -	$ 5,718,545
Construction in progress	4,744,539	4,868,025	-	(5,797,585)	3,814,979
Total nondepreciable capital assets	10,463,084	4,868,025	-	(5,797,585)	9,533,524
Capital assets - depreciable/amortizable					
Buildings	7,434,837	-	-	-	7,434,837
Equipment	3,449,030	75,502	(24,858)	28,044	3,527,718
Improvements	21,397,788	99,498	(581,298)	988,149	21,904,137
Utility system	146,080,912	6,103,742	-	4,781,392	156,966,046
Intangible:					
Right-to-use equipment	227,130	-	-	-	227,130
Right-to-use software	14,233	-	-	-	14,233
Total depreicable/amortizable capital assets	178,603,930	6,278,742	(606,156)	5,797,585	190,074,101
Less accumulated depreciation/amortization					
Buildings	(3,373,522)	(221,051)	-	-	(3,594,573)
Equipment	(2,541,208)	(233,496)	24,858	-	(2,749,846)
Improvements	(14,265,452)	(620,982)	255,772	-	(14,630,662)
Utility system	(74,061,386)	(3,428,616)	-	-	(77,490,002)
Intangible:					
Right-to-use equipment	(134,118)	(56,394)	-	-	(190,512)
Right-to-use software	(9,490)	(4,743)	-	-	(14,233)
Total accumulated depreciation/amortization	(94,385,176)	(4,565,282)	280,630	-	(98,669,828)
Net depreciable/amortizable capital assets	84,218,754	1,713,460	(325,526)	5,797,585	91,404,273
Total business-type activities capital and intangible assets, net	$ 94,681,838	$ 6,581,485	$ (325,526)	$ -	$ 100,937,797

Capital asset depreciation and amortization expense was charged as a direct expense to programs of the primary government as follows:

Governmental activities	
Culture and recreation	$ 1,127,560
Development	32,244
General administrative	5,104,050
Highways and streets	3,204,635
Public safety	847,342
Total capital asset depreciation and amortization expense - governmental activities	$10,315,831
Business-type activities	
Water and wastewater	$ 2,815,539
Drainage utility	838,965
Golf course	442,497
Other recreation enterprises	468,281
Total capital asset depreciation and amortization expense - business-type activities	$ 4,565,282

NOTE 3. CAPITAL ASSETS – CONTINUED

Outstanding commitments at September 30, 2025, under authorized construction contracts, were $10,099,736. These outstanding commitments are to be financed by available deposit and investment balances, which include proceeds from previous bond issuances.

NOTE 4. LONG-TERM DEBT

The following is a summary of long-term debt activity of the City for the year ended September 30, 2025:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due within One Year
Governmental activities					
General obligation bonds	$ 685,000	$ -	$ (685,000)	$ -	$ -
Certificates of obligation	67,465,000	-	(10,290,000)	57,175,000	3,340,000
Sales tax revenue bonds	4,570,000	-	(245,000)	4,325,000	250,000
Tax notes	5,575,000	-	(1,050,000)	4,525,000	1,085,000
Premium on debt	3,431,016	-	(531,480)	2,899,536	215,889
Discount on debt	(39,924)	-	39,924	-	-
Lease liability	73,259	-	(62,766)	10,493	10,493
Subscription liability	941,678	121,954	(339,747)	723,885	227,319
Net pension liability	18,316,651	-	(5,211,277)	13,105,374	-
Net OPEB liability	4,204,697	-	(1,534,545)	2,670,152	-
Compensated absences *	2,407,091	3,375,128	-	5,782,219	2,729,711
Total governmental activities	107,629,468	3,497,082	(19,909,891)	91,216,659	7,858,412
Business-type activities					
Water and sewer revenue bonds	14,910,000	-	(840,000)	14,070,000	845,000
General obligation refunding bonds	1,705,000	-	(1,705,000)	-	-
Premiums on debt	59,761	-	(57,049)	2,712	-
Discounts on debt	(14,626)	-	1,625	(13,001)	-
Lease liability	93,012	-	(56,394)	36,618	36,618
Subscription liability	4,743	-	(4,743)	-	-
Net pension liability	3,410,032	-	(1,007,432)	2,402,600	-
Net OPEB liability	751,905	-	(296,653)	455,252	-
Compensated absences *	425,636	698,311	-	1,123,947	530,745
Total business-type activities	21,345,463	698,311	(3,965,646)	18,078,128	1,412,363
Total primary government	$ 128,974,931	$ 4,195,393	$ (23,875,537)	$ 109,294,787	$ 9,270,775

* The change in compensated absences above reflects the net increases and decreases.

Governmental fund net pension liability and net OPEB liability are typically liquidated by the general, half-penny sales tax, crime control and prevention district, and juvenile case funds.

NOTE 4. LONG-TERM DEBT – CONTINUED

General Obligation Bonds

General obligation bonds and general obligation refunding bonds provide funds for the acquisition and construction of major capital equipment, City facilities, and infrastructure assets and the refunding of previously issued debt instruments. General obligation bonds require voter authorization; whereas general obligation refunding bonds do not. General obligation bonds are direct obligations of the City, payable from a continuing and direct ad valorem tax, levied within the limits prescribed by law, on all taxable property within the City as provided in the ordinances authorizing issuance of the bonds.

The City is required to compute an interest and sinking fund tax rate sufficient to cover the annual debt service requirements inclusive of anticipated drawdown of reserves, transfers or revenues from self-supporting debt systems, and other miscellaneous sources.

As of September 30, 2025, there are no general obligation bonds currently outstanding.

The business-type activities general obligation refunding bonds outstanding were issued to refund previously issued golf course debt. The City paid the last two installments in advance and fulfilled their debt obligation. As such, the debt is no longer reflected in the financial statements.

Certificates of Obligation

Certificates of obligation are issued for many of the same purposes as general obligation bonds, but certificates do not require voter authorization nor may they be used to refund existing debt. The certificates constitute direct obligations of the City, payable from (i) the levy and collection of a direct and continuing ad valorem tax, levied within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge (not to exceed $1,000 per issue) of the Net Revenues of the City's waterworks and sanitary sewer system.

The City currently has the following certificates of obligation outstanding as of the end of the fiscal year:

	Interest Rate %	Dated	Maturity Date	Principal Outstanding
Certificates of Obligation:				
Series 2016	3% – 3.25%	01/12/2016	02/15/2041	$12,170,000
Series 2018	3% – 4%	03/01/2018	02/15/2038	6,755,000
Series 2019	3.25% – 5%	01/15/2019	02/15/2039	9,340,000
Series 2020	2% – 3%	01/14/2020	02/15/2040	5,690,000
Series 2021	1.625% – 4%	04/08/2021	02/15/2041	4,525,000
Series 2023	4% – 5%	09/07/2023	02/15/2038	18,695,000
			Total	$57,175,000

NOTE 4. LONG-TERM DEBT – CONTINUED

Annual debt service requirements to maturity for the certificates of obligation are as follows:

Fiscal	Governmental Activities		
Year	Principal	Interest	Total
2026	$3,340,000	$2,068,632	$5,408,632
2027	3,370,000	1,937,098	5,307,098
2028	3,355,000	1,803,576	5,158,576
2029	3,500,000	1,662,350	5,162,350
2030	3,655,000	1,514,301	5,169,301
2031-2035	20,540,000	5,300,054	25,840,054
2036-2040	18,505,000	1,432,654	19,937,654
2041	910,000	12,725	922,725
Total	$57,175,000	$15,731,390	$72,906,390

Revenue Bonds

Each series of revenue bonds is backed by the pledged revenue sources identified in the bond ordinances authorizing issuance of the bonds. The purpose and primary pledged revenue sources of each type of revenue bond are summarized as follows.

Half-penny sales tax fund issues sales tax revenue bonds (STRB) to finance library, park, and economic development projects throughout the City. Sales tax revenue bonds are special obligations of the Euless Development Corporation (EDC), payable solely from and secured by a lien on and pledge of certain Pledged Revenues which includes the gross proceeds of a ½¢ sales and use tax levied within the City for the benefit of the EDC. The EDC is reflected in the financial statements of the City as a special revenue fund. Accordingly, the EDC's debt is reflected in governmental activities debt.

Water and wastewater fund issues revenue bonds (W&WW) for the construction of and improvements to the City's combined waterworks and sanitary sewer infrastructure or to refund previously issued revenue bonds. Water and sewer revenue bonds and refunding bonds are payable solely from and equally secured by a first lien on and pledge of the net revenues of the City's water and wastewater system.

NOTE 4. LONG-TERM DEBT – CONTINUED

Revenue Bonds – Continued

The City currently has the following revenue bonds outstanding at the end of the fiscal year:

	Interest Rate %	Dated	Maturity Date	Principal Outstanding
Revenue Bonds:				
W&WW Improvement, Series 2013	4% – 5%	06/25/2013	07/15/2033	$ 780,000
W&WW Improvement, Series 2015A	1.39% – 1.98%	06/15/2015	07/15/2035	2,475,000
W&WW Improvement, Series 2015B	1.09% – 1.68%	06/15/2015	07/15/2035	1,300,000
W&WW Improvement, Series 2018	0.81% – 1.49%	04/12/2018	07/15/2038	1,870,000
W&WW Improvement, Series 2019	0.56% – 1.66%	04/25/2019	07/15/2049	7,645,000
STRB, Series 2018	4%	10/15/2018	09/15/2038	1,180,000
STRB, Series 2019	2.5% – 4%	12/12/2019	09/15/2039	3,145,000
			Total	$ 18,395,000

Annual debt service requirements to maturity for revenue bonds are as follows:

Fiscal	Governmental Activities		Business-Type Activities		
Year	Principal	Interest	Principal	Interest	Total
2026	$250,000	$146,975	$845,000	$224,201	$1,466,176
2027	260,000	136,975	860,000	213,835	1,470,810
2028	270,000	126,575	870,000	201,924	1,468,499
2029	280,000	115,775	885,000	189,096	1,469,871
2030	295,000	104,575	900,000	175,181	1,474,756
2031-2035	1,600,000	380,025	4,505,000	630,314	7,115,339
2036-2040	1,370,000	105,850	2,040,000	340,157	3,856,007
2041-2045	-	-	1,700,000	203,135	1,903,135
2046-2049	-	-	1,465,000	60,974	1,525,974
Total	$4,325,000	$1,116,750	$14,070,000	$2,238,817	$21,750,567

The gross ½¢ sales tax revenues of the EDC recognized in the year ending September 30, 2025 totaled $8,011,985. The principal, interest and fiscal charges on the EDC debt including SBITA payments for the same period totaled $406,930 which equates to approximately 5.1% of the gross ½¢ sales tax revenues.

The recognized net revenues of the water and wastewater fund totaled $2,186,545 for the year ending September 30, 2025. Principal, interest and fiscal charges on the water and sewer revenue bonds totaled $1,073,658 which equates to approximately 49.1% of net system revenues.

NOTE 4. LONG-TERM DEBT – CONTINUED

Revenue Bonds – Continued

In accordance with the water and sewer revenue and refunding bond ordinances, the following reserves were established:

Reserve for revenue bond debt service – to be used for retirement of the current portion of principal and interest payments.

Reserve for emergency – to be used for payment of extraordinary repairs or replacements to the system necessitated by an emergency for which no other funds are available.

Revenue bond reserve – a reserve established at the time of issuance pursuant to the revenue bond covenants which will be used for principal and interest payments in the event of default by the issuer.

Should the reserve for revenue bond debt service and/or the revenue bond reserve prove deficient, the reserve for emergency shall be used for the purpose of meeting principal and/or interest requirements of the bonds.

All funding requirements for the above reserves were met at September 30, 2025.

Investments of funds included in the bond reserve and emergency accounts are restricted to obligations of the United States or its agencies or instrumentalities (except for mortgage pass-through securities).

Water and sewer revenue bonds authorized and unissued as of September 30, 2025, amounted to $1,200,000. The water and sewer bonds were authorized in 1970, and currently the City Council has no intent to issue these bonds.

Tax Notes

Tax notes are issued for payments made for the acquisition, design, construction, improvement, expansion, and equipment for one or more fire stations and the costs of professional services rendered in connection therewith and the financing thereof. The City currently has the following tax notes outstanding as of the end of the fiscal year:

	Interest Rate %	Dated	Maturity Date	Principal Outstanding
Tax Notes:				
Series 2022	2.89%	09/20/2022	02/15/2029	$4,525,000
				$4,525,000

NOTE 4. LONG-TERM DEBT – CONTINUED

Tax Notes – Continued

Annual debt service requirements to maturity for the tax notes are as follows:

Fiscal Year	Governmental Activities		
	Principal	Interest	Total
2026	$1,085,000	$115,094	$1,200,094
2027	1,115,000	83,304	1,198,304
2028	1,145,000	50,647	1,195,647
2029	1,180,000	17,051	1,197,051
Total	$4,525,000	$266,096	$4,791,096

Lease Liability

The City leases equipment consisting of printers, copiers and GPS equipment to utilize in various operations of the City.

Prior to October 1, 2021, the City entered into a five-year lease agreement as lessee for the use of printers and copiers. An initial lease liability was recorded in the amount of $346,263. As of September 30, 2025, the value of the lease liability was $13,991. The City is required to make monthly principal and interest payments of $7,000. The lease has an implicit interest rate of 1.9235%. The value of the right-to-use asset as of September 30, 2025 was $346,263 with accumulated amortization of $332,272.

During the year ended September 30, 2022, the City entered into a four-year lease agreement as lessee for the use of GPS equipment. An initial lease liability was recorded in the amount of $140,564. As of September 30, 2025, the value of the lease liability was $33,120. The City is required to make monthly principal and interest payments of $3,040. The lease has an interest rate of .527%. The value of the right-to-use asset as of September 30, 2025 was $140,564 with accumulated amortization of $107,444.

The future principal and interest lease payments as of September 30, 2025 were as follows:

Fiscal Year	Governmental Activities		Business-Type Activities		
	Principal	Interest	Principal	Interest	Total
2026	$10,493	$7	$36,618	$322	$47,440
Total	$10,493	$7	$36,618	$322	$47,440

NOTE 4. LONG-TERM DEBT – CONTINUED

Subscription-based IT Arrangements

The City leases certain software under subscription-based IT arrangements (SBITAs).

In August 2023, the City entered into a three-year subscription arrangement for the use of certain software. An initial subscription liability was recorded in the amount of $35,130. As of September 30, 2025, the value of the subscription liability was $0. The City is required to make annual principal and interest payments that range from $12,000 to $13,000. The subscription has an implicit interest rate of 2.363%. The value of the right-to-use asset as of September 30, 2025 was $35,130 with accumulated amortization of $35,130.

In April 2023, the City entered into a three-year subscription arrangement for the use of certain software. An initial subscription liability was recorded in the amount of $237,215. As of September 30, 2025, the value of the subscription liability was $0. The City is required to make annual principal and interest payments of $80,926. The subscription has an implicit interest rate of 2.3633%. The value of the right-to-use asset as of September 30, 2025 was $237,215 with accumulated amortization of $237,215.

In July 2023, the City entered into a three-year subscription arrangement for the use of certain software. An initial subscription liability was recorded in the amount of $79,682. As of September 30, 2025, the value of the subscription liability was $0. The City is required to make annual principal and interest payments of $27,552. The subscription has an implicit interest rate of 3.238%. The value of the right-to-use asset as of September 30, 2025 was $79,682 with accumulated amortization of $79,682.

In January 2024, the City entered into a five-year subscription arrangement for the use of certain software. An initial subscription liability was recorded in the amount of $1,046,792. As of September 30, 2025, the value of the subscription liability was $628,024. The City is required to make annual principal and interest payments of $226,895. The implicit interest rate is 2.31%. The value of the right-to-use asset as of September 30, 2025 was $1,046,792 with accumulated amortization of $418,768.

In February 2025, the City entered into a five-year subscription arrangement for the use of certain software. An initial subscription liability was recorded in the amount of $121,954. As of September 30, 2025, the value of the subscription liability was $95,860. The City is required to make annual principal and interest payments of $26,118. The implicit interest rate is 3.54%. The value of the right-to-use asset as of September 30, 2025 was $121,954 with accumulated amortization of $26,094.

NOTE 4. LONG-TERM DEBT – CONTINUED

Subscription-based IT Arrangements

The future principal and interest lease payments as of September 30, 2025 were as follows:

Fiscal Year	Governmental Activities Principal	Interest	Total
2026	$ 227,319	$ 17,691	$ 245,010
2027	232,834	12,175	245,009
2028	238,507	6,503	245,010
2029	25,225	893	26,118
Total	$ 723,885	$ 37,262	$ 761,147

NOTE 5. COMMITMENTS AND CONTINGENT LIABILITIES

The City entered into a contract dated January 21, 1972, with Trinity River Authority (TRA) whereby TRA agreed to provide treated water to the City. This contract was for an original term of thirty-five (35) years and continues in effect until all bonds, or any bonds issued to refund same, have been paid in full. Additionally, on October 10, 1973, the City entered into a contract with TRA to provide wastewater treatment services to the City. The contract remains in force and effect for a period of fifty (50) years and thereafter until any bonds, or any bonds issued to refund same, have been paid in full. Payments by the City are based on metered usage at rates designed to charge the City a prorata share of TRA's annual operating and maintenance expenses and principal and interest requirements on bonds issued by TRA. Payments under these contracts in the year ended September 30, 2025 totaled $16,833,016 and are included as operating expenses of the water and wastewater fund.

The City entered into a 20-year contract dated February 2, 2010, with the City of Fort Worth (Fort Worth) whereby Fort Worth agreed to provide reclaimed water service to the City. Payments by the City are based on metered volume. Payments under this contract totaled $442,330 in the year ended September 30, 2025 and are included as operating expenses of the water and wastewater fund.

The City is involved in a number of lawsuits arising in the ordinary course of business. In the opinion of the City's legal counsel and management, any liability resulting from such litigation would not be material in relation to the City's financial position.

NOTE 6. SERVICE CENTER

The water and wastewater enterprise fund historically bears the major portion of the operating costs of the City's service center, which provides services to all City departments.

NOTE 7. INTERFUND TRANSFERS

All interfund transfers between the various funds are approved supplements to the operations of those funds.

	Transfers in					
	General	Debt Service	Car Rental Tax	General CIP	Non-major Governmental	Subtotal Governmental
Transfers out						
General	$ -	$ -	$ -	$ 3,000,000	$ 1,208,459	$ 4,208,459
Debt service	-	-	-	197,505	-	197,505
Car rental tax	2,128,636	-	-	150,000	6,600,000	8,878,636
Water and wastewater	1,725,708	-	-	-	-	1,725,708
Drainage utility	61,970	-	-	-	-	61,970
Nonmajor governmental	-	8,597,988	750,000	-	5,213,200	14,561,188
Total transfers in	$ 3,916,314	$ 8,597,988	$ 750,000	$ 3,347,505	$ 13,021,659	$ 29,633,466

	Transfers in				
	Internal Service	Golf Course	Other Recreation Enterprises	Subtotal Enterprise	Total Transfers Out
Transfers out					
General	$ 450,000	$ 15,596	$ -	$ 15,596	$ 4,674,055
Debt service	-	-	-	-	197,505
Car rental tax	1,116,104	2,190,000	-	2,190,000	12,184,740
Water and wastewater	450,000	-	-	-	2,175,708
Drainage utility	-	-	-	-	61,970
Nonmajor governmental	-	1,280,797	183,357	1,464,154	16,025,342
Total transfers in	$ 2,016,104	$ 3,486,393	$ 183,357	$ 3,669,750	$ 35,319,320

Transfers are primarily used to move funds from:

The general fund to the general CIP fund and non-major governmental funds to satisfy grant matching requirements and to provide capital project funding per the approved budget and to the golf course fund for sales tax rebates.

The car rental tax fund, the water and wastewater fund, and the drainage utility fund to the general fund for general and administrative charges.

The car rental tax fund to the nonmajor governmental funds to provide funding for approved capital projects.

Car rental tax fund to the nonmajor governmental, general CIP and golf funds to provide financing for approved capital projects.

The car rental tax fund to the internal service funds for the replacement of capital assets.

The nonmajor governmental fund to the car rental fund for the return of start up cash.

The non-major governmental funds to nonmajor governmental funds to provide task force and project funding.

NOTE 7. INTERFUND TRANSFERS – CONTINUED

The non-major governmental funds to other recreation enterprises fund to provide festival funding.

The non-major governmental funds to the debt service fund for debt payments on previously issued debt.

The general fund and water and wastewater fund to the internal service funds for workers' compensation and general liability insurance claims.

The debt service fund to the general capital projects funds to transfer residual balance for project funding.

The nonmajor governmental funds to the golf course and to cover a portion of the operating and debt costs associated with the conference center and for project funding.

NOTE 8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) to provide both general liability and property insurance.

The City, along with other participating entities, contributes annual amounts determined by TMLIRP management. As claims arise they are submitted to and paid by TMLIRP. The City is not liable for payments beyond their annual contributions to TMLIRP and related deductibles.

In fiscal year 2006, the City contracted with the Texas Municipal League Intergovernmental Risk Pool to provide workers' compensation insurance and effectively discontinued being self-insured for workers' compensation claims. This policy has no deductibles, includes all claims handling, and has a fixed premium.

In fiscal years prior to 2006, the City was self-insured for workers' compensation claims. Contributions were made to a separate risk management fund by other funds and were available to pay claims, claim reserves, and administrative costs of the program. The City remains liable under its self-insurance program for any claims occurring prior to October 1, 2005.

The City provides employee health insurance coverage on a self-insured basis. Premiums are paid into a separate insurance fund by other funds, by the City's employees, and by retirees. The premiums are used to fund claims, administrative costs of the program, and claim reserves. An excess coverage insurance policy covers individual claims in excess of $125,000 and aggregate claims in excess of $8,253,901. During fiscal year 2025, the City and the City's employees contributed approximately $6,020,505 and $1,668,340 respectively, for medical coverage.

The City's contributions are accounted for as interfund services provided and used. Claims liabilities are based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported and are accounted for in the Insurance Internal Service Fund.

NOTE 8. RISK MANAGEMENT – CONTINUED

Changes in the balances of health, dental, and prescription claims liabilities for the years ended September 30, 2025 and 2024 are as follows:

	2025	2024
Unpaid claims, beginning of year	$ 633,001	$ 986,000
Incurred claims	5,377,136	4,743,399
Paid claims	(5,140,137)	(5,096,398)
Unpaid claims, end of year	$ 870,000	$ 633,001

Settlement amounts have not exceeded stop loss insurance coverage for the year ended September 30, 2025 or any of the three preceding years ended September 30.

NOTE 9. DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates as one of 938 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of participating Texas cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the member's benefit is calculated based on the sum of the member's contributions, with interest, the city-financed monetary credits with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Benefits Provided – Continued

Plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
A member is vested after	5 years
Service retirement eligibility	20 years at any age, 5 years at 60 and above
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI

Employees Covered By Benefit Terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	324
Inactive employees entitled to, but not yet receiving benefits	218
Active employees	398
Total	940

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the Member's total compensation, and the city matching percentages are either 1:1 (1 to 1), 1.5:1 (1 ½ to 1), or 2:1 (2 to 1), both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the year ended September 30, 2025. The contribution rates for the City were 18.66% and 18.63% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025 totaled $6,837,457 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial Assumptions

The TPL in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3.5% and 3.0% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial Assumptions – Continued

The target allocation and best estimates of real rates of return for each major asset class for the year ended December 31, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.10%
Core Fixed Income	6.0%	5.00%
Non-Core Fixed Income	6.0%	6.80%
Hedge Funds	5.0%	6.40%
Private Equity	13.0%	8.50%
Private Debt	13.0%	8.20%
Real Estate	12.0%	6.70%
Infrastructure	6.0%	6.00%
Other Private Markets	4.0%	7.30%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2023	$ 275,530,673	$ 253,803,990	$ 21,726,683
Changes for the year:			
Service cost	7,118,643	-	7,118,643
Interest	18,425,883	-	18,425,883
Change in benefit terms	-	-	-
Difference between expected and actual experience	3,915,554	-	3,915,554
Changes of assumptions	-	-	-
Contributions - employer	-	6,911,223	(6,911,223)
Contributions - employee	-	2,592,638	(2,592,638)
Net investment income	-	26,348,013	(26,348,013)
Benefit payments, including refunds of employee contributions	(12,227,906)	(12,227,906)	-
Administrative expense	-	(169,130)	169,130
Other changes	-	(3,955)	3,955
Net changes	17,232,174	23,450,883	(6,218,709)
Balance at 12/31/2024	$ 292,762,847	$ 277,254,873	$ 15,507,974

There were no changes in benefit terms during the year.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 54,673,023	$ 15,507,974	$ (16,914,495)

NOTE 9. DEFINED BENEFIT PENSION PLAN – CONTINUED

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the valuation date of December 31, 2024, the City recognized pension expense of $6,948,476. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,987,442	$ (228,345)
Changes in actuarial assumptions	-	(889,510)
Difference between projected and actual investment earnings	-	(2,720,829)
Contributions subsequent to the measurement date	4,931,434	-
Totals	$ 8,918,876	$ (3,838,684)

$4,931,434 reported as deferred outflows of resources related to the pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year December 31,	Net Deferred Outflows/(Inflows) of Resources
2025	$ 1,402,920
2026	3,760,740
2027	(3,453,279)
2028	(1,561,623)
Total	$ 148,758

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

Postemployment Healthcare Plan

Plan Description

The City adopted the City of Euless Post-Employment Benefits Trust (OPEB Trust) by passage of Resolution No. 09-1319 on September 8, 2009 which authorized participation in the PARS Public Agencies Post-Retirement Health Care Plan Trust, including the City of Euless Public Agencies Post-Retirement Health Care Plan (the Plan), as part of the City's Retirement Program. Article III of the Public Agencies Post-Retirement Health Care Plan Master Plan Document as adopted provides for the determination of eligibility under the plan to each participating Employer to the extent provided in the Employer's applicable policies.

The City's policies with regard to post-employment healthcare coverage are governed by the City of Euless Medical and Dental Plan, the City's group health insurance plan, the benefits of which are established by management.

Benefits provided. The City provides post-employment medical, dental, life, and vision benefits under the Plan to eligible retirees and dependents qualifying as one of the eligible classes of dependents as described in the Plan. To be eligible for coverage under the Plan, an employee must retire with the City of Euless and be eligible for retirement through TMRS. TMRS retirement eligibility requirements are described in detail in Note 9. Additionally, written application to enroll himself/herself and all eligible dependents (for which coverage is elected) in the Plan must be made by the employee prior to or on the retirement date.

The Plan provides lifetime benefits or until Medicare eligibility is attained. Regardless of Medicare enrollment status, the Plan will base payment of benefits as though Medicare were responsible for primary payment of benefits insomuch as allowed by Federal law.

The Plan is a single-employer defined benefit healthcare plan administered by the City Manager, his/her successor, or his/her designee. Separate financial statements for the Plan are not issued, but rather are included in the financial statements of the City which are available on-line at https://www.eulesstx.gov/departments/finance/annual-comprehensive-financial-report.

The OPEB Trust is an agent multiple-employer trust arrangement established to provide economies of scale and efficiency of administration to public agencies. The OPEB Trust is established as a tax-exempt trust within the meaning of Section 115 of the Internal Revenue Code and is intended to hold the assets used to fund the City's post-employment benefits offered by the City to its employees as specified in the City's policies.

Upon adoption of the Trust Agreement, a separate Agency Account was established under the OPEB Trust for the City, and all assets of the Trust attributable to the City are held in the City's Agency Account. The assets of the Trust are available only to pay post-employment healthcare benefits of eligible employees of the City and their dependents and other associated administrative costs.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Funding Policy

A Participant in the OPEB Trust is required from time to time to contribute to its Agency Account an amount determined by such Participant at its sole discretion. Such amount may, but need not, equal such Participant's actuarially determined contribution (ADC) as determined in accordance with GASB 74. However, it is currently the intent of the Plan Administrator to annually fund an amount equal to, or in excess of, the ADC. This intent is subject to change and is subject to annual appropriation.

Contribution requirements of Plan members and the City are determined by the Plan Administrator and may be amended by same from time to time. For the year ending September 30, 2025, plan members contributed monthly premiums of:

	Medical Plan	Dental	Vision
Retiree Only	$ 933.84	$ 39.82	$ 7.58
Retiree plus Children	1,734.28	75.64	12.38
Retiree plus Spouse	1,147.81	91.57	14.68
Retiree plus Family	2,708.10	115.47	20.79

Retired employees meeting all eligibility requirements as set forth in the Plan that were hired prior to October 1, 2006 and are either:

a) Retired and enrolled in the Plan on or prior to September 30, 2007; or

b) Retired and not enrolled in the Plan on or prior to September 30, 2007 and meet guidelines for reinstatement to the Plan; or

c) Employees who were not retired as of September 30, 2007 that retire with at least ten years of service to the City of Euless and have a combined age and years of service equal to at least 70

will qualify for a service discount on their total premium, subject to annual appropriation, as set forth in the following table.

Retired employees meeting all eligibility requirements as set forth in the Plan that were hired after October 1, 2006 and before October 1, 2014 retiring with a minimum of 20 years of service with a combined age and years of service to the City of Euless equal to at least 80 qualify for a service discount on their total premium, subject to annual appropriation, as set forth in the following:

	Discounts on Premiums					
	Hired Pre-10/2006		Hired Post-10/2006		Hired Post-10/2014	
Service	Retiree	Retiree+	Retiree	Retiree+	Retiree	Retiree+
10 to 14 years	15%	30%	N/A	N/A	N/A	N/A
15 to 19 years	25%	40%	N/A	N/A	N/A	N/A
20 to 24 years	35%	50%	35%	50%	N/A	N/A
25 to 29 years	50%	65%	50%	65%	N/A	N/A
30+ years	60%	75%	60%	75%	N/A	N/A

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Funding Policy – Continued

Retirees are permitted to participate with active employees in the healthcare plan but retirees must pay all premiums (less applicable discounts) assigned to them. The City will continue to apply the applicable discount to surviving spouse/dependents based upon a deceased employee's years of service. Employees hired on or after October 1, 2014 will not be eligible for premium discounts regardless of years of service.

Per the requirements of GASB 74 and GASB 75, the following data is presented.

Plan Membership

At the October 1, 2023 actuarial valuation date and September 30, 2025 measurement date, plan membership consisted of the following:

Employees/retirees covered by the benefit terms:	
Inactive plan members or beneficiaries currently receiving benefit payments	58
Inactive plan members entitled to, but not yet receiving benefit payments	15
Active plan members	335
	408

Investments

Investment policy. The City's policy in regard to the allocation of invested assets is established and may be amended by the City Manager. The City Council appointed the City Manager or her successor or her designee as the City's Plan Administrator. The City Manager selected the balanced, moderately aggressive actively-managed investment option to provide growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return. The portfolio will be allocated between equity and fixed income investments.

Asset Class	Strategic Range	Target Allocation	9/30/2025 Allocation
Equity	50-70%	60%	60%
Fixed income	30-50%	38%	37%
Cash	0-20%	2%	3%
		100%	100%

Rate of return. For the year ended September 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 9.96%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Investments – Continued

Concentrations. The following investments comprised 5% or more of the OPEB plan's fiduciary net position as of September 30, 2025:

Asset Class	Investment Vehicle	% of Portfolio
Equity	Schwab US Large-Cap ETF	23.72%
Fixed Income	Baird Aggregate Bond Inst	10.06%
Fixed Income	iShares Core US Aggregate Bond ETF	8.31%
Equity	Columbia Contrarian Core Inst3	7.67%
Equity	Fidelity International Index Fund Stock Price	7.28%
Fixed Income	Dodge & Cox Income	6.36%
Fixed Income	PGIM Total Return Bond R6	6.34%
Equity	Fidelity Emerging Markets Index Fund	5.60%

Net OPEB Liability of the City

The components of the net OPEB liability of the City at September 30 were as follows:

	2025	2024
Total OPEB liability	$ 20,455,254	$ 20,038,221
Plan fiduciary net position	(17,329,850)	(15,081,619)
City's net OPEB liability	$ 3,125,404	$ 4,956,602
Plan fiduciary net position as a percent of the total OPEB liability	84.72%	75.26%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations.

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Actuarial Methods and Assumptions – Continued

An actuarial valuation was performed as of October 1, 2023 using the entry age normal actuarial cost method. The liability was then rolled forward to the measurement date of September 30, 2025. The actuarial assumptions include:

Inflation	2.50% per annum
Salary increases	3.00% per annum
Investment rate of return	7.50%
Healthcare cost trend rates	6.21% with annual increases/decreases to an ultimate rate of 4.2% in 2048
Dental cost trend rates	3.00%

Mortality rates were based on the sex distinct PUB 2010 general employee/retiree headcount weighted mortality table with mortality improvements scale MP-2021. The plan has not had a formal actuarial experience study performed.

The expected return of each asset class is determined through a combination of historical rates of return, valuation projections, and economic expectations. Expected rates of return are developed and annually reviewed. The long-term expected rate of return on OPEB plan investments is then calculated by weighting the returns for each asset class according to the exposure as determined by the current strategic allocation. The anticipated long-term rate of return is 6.7% with an expected standard deviation of 9.7%. Anticipated long-term returns by asset class are not available.

Discount rate. The discount rate used to measure the total OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed the City contributions will be made at rates at least equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the City as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current discount rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Net OPEB liability	$ 6,677,580	$ 3,125,404	$ 309,087

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Actuarial Methods and Assumptions – Continued

Sensitivity of the OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rates (6.21%)	1% Increase
Net OPEB liability	$ 47,075	$ 3,125,404	$ 7,039,035

Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at 9/30/2024	$ 20,038,221	$ 15,081,619	$ 4,956,602
Changes for the year:			
Service cost	180,302	-	180,302
Interest	1,470,137	-	1,470,137
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Difference in expected and actual net investment income	-	302,047	(302,047)
Contributions - employer	-	2,019,008	(2,019,008)
Contributions - other	300,233	300,233	-
Net investment income	-	1,160,582	(1,160,582)
Benefit payments, including refunds of employee contributions	(1,309,524)	(1,309,524)	-
Administrative expense	(224,115)	(224,115)	-
Net changes	417,033	2,248,231	(1,831,198)
Balance at 9/30/2025	$ 20,455,254	$ 17,329,850	$ 3,125,404

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the City recognized OPEB expense of $(147,880).

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (2,845,835)
Changes in actuarial assumptions	1,209,298	(781,892)
Difference between projected and actual investment earnings	-	(900,602)
Total	$ 1,209,298	$ (4,528,329)

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30,	Net Deferred Outflows/(Inflows) of Resources
2026	$ (447,720)
2027	(1,101,625)
2028	(1,049,201)
2029	(390,447)
2030	(330,038)
Total	$ (3,319,031)

NOTE 11. FUND DEFICIT

As of September 30, 2025, the Midtown PID fund had a deficit fund balance of $28,721.

NOTE 12. LEASE RECEIVABLES

The City leases various property and buildings to other entities. The initial lease terms ranged from five to 23 years in length. The City received annual payments from these leases of $796,177. The City recognized $689,840 in lease revenue and $106,337 in interest revenue during the current fiscal year related to these leases. As of September 30, 2025, the City's receivable and deferred inflows of resources for leases was $4,795,692 for governmental activities and $279,366 for business-type activities. The deferred inflow of resources associated with these leases will be recognized as revenue over the lease terms.

REQUIRED SUPPLEMENTARY INFORMATION

THE CITY OF
EULESS

CITY OF EULESS, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
FOR THE MEASUREMENT YEAR ENDED DECEMBER 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 7,118,643	$ 6,375,962	$ 5,966,121	$ 5,642,742	$ 5,645,675	$ 5,375,963	$ 5,253,722	$ 5,149,378	$ 4,868,631	$ 4,539,237
Interest (on the total pension liability)	18,425,883	17,715,585	16,821,152	15,918,254	15,244,423	14,557,634	13,864,487	13,129,452	12,462,429	12,302,430
Difference in expected and actual experience	3,915,554	(396,247)	1,567,444	2,211,218	(728,824)	(171,396)	(206,128)	169,296	(361,966)	(579,992)
Change in assumptions	-	(1,543,563)	-	-	-	145,747	-	-	-	(595,757)
Benefit payments, including refunds	(12,227,906)	(11,772,376)	(10,845,200)	(10,270,056)	(10,084,210)	(9,652,090)	(7,756,635)	(7,465,146)	(6,990,135)	(6,911,946)
Net change in total pension liability	17,232,174	10,379,361	13,509,517	13,502,158	10,077,064	10,255,858	11,155,446	10,982,980	9,978,959	8,753,972
Total pension liability, beginning of year	275,530,673	265,151,312	251,641,795	238,139,637	228,062,573	217,806,715	206,651,269	195,668,289	185,689,330	176,935,358
Total pension liability, ending of year	$ 292,762,847	$ 275,530,673	$ 265,151,312	$ 251,641,795	$ 238,139,637	$ 228,062,573	$ 217,806,715	$ 206,651,269	$ 195,668,289	$ 185,689,330
Plan fiduciary net position										
Contributions - employer	$ 6,911,223	$ 6,044,874	$ 5,713,524	$ 5,511,185	$ 5,419,109	$ 5,192,816	$ 5,146,736	$ 5,027,855	$ 4,691,585	$ 4,644,735
Contributions - employee	2,592,638	2,389,279	2,267,255	2,140,878	2,144,052	2,077,001	2,023,998	1,981,736	1,877,709	1,801,285
Net investment income	26,348,013	26,680,738	(18,380,677)	29,364,122	16,076,966	28,704,340	(5,754,957)	23,456,668	10,748,002	235,212
Benefit payments, including refunds	(12,227,906)	(11,772,376)	(10,845,200)	(10,270,056)	(10,084,210)	(9,652,090)	(7,756,635)	(7,465,146)	(6,990,135)	(6,911,946)
Administrative expense	(169,130)	(169,815)	(159,083)	(135,860)	(104,023)	(162,161)	(111,206)	(121,542)	(121,371)	(143,262)
Other	(3,955)	(1,186)	189,833	930	(4,058)	(4,871)	(5,810)	(6,160)	(6,539)	(7,076)
Net change in plan fiduciary net position	23,450,883	23,171,514	(21,214,348)	26,611,199	13,447,836	26,155,035	(6,457,874)	22,873,411	10,199,251	(381,052)
Plan fiduciary net position - beginning	253,803,990	230,632,476	251,846,824	225,235,625	211,787,789	185,632,754	192,090,628	169,217,217	159,017,966	159,399,018
Plan fiduciary net position - ending	$ 277,254,873	$ 253,803,990	$ 230,632,476	$ 251,846,824	$ 225,235,625	$ 211,787,789	$ 185,632,754	$ 192,090,628	$ 169,217,217	$ 159,017,966
Net pension liability (asset) - ending	$ 15,507,974	$ 21,726,683	$ 34,518,836	$ (205,029)	$ 12,904,012	$ 16,274,784	$ 32,173,961	$ 14,560,641	$ 26,451,072	$ 26,671,364
Plan fiduciary net position as a % of TPL	94.70%	92.11%	86.98%	100.08%	94.58%	92.86%	85.23%	92.95%	86.48%	85.64%
Covered payroll	$ 37,037,682	$ 34,132,558	$ 32,389,362	$ 30,583,969	$ 30,616,434	$ 29,619,629	$ 28,914,263	$ 28,308,838	$ 26,824,411	$ 25,732,638
Net pension liability (asset) as a % of covered payroll	41.87%	63.65%	106.57%	(0.67%)	42.15%	54.95%	111.27%	51.44%	98.61%	103.65%

CITY OF EULESS, TEXAS
SCHEDULE OF CONTRIBUTIONS – PENSION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contributions	$ 6,837,457	$ 6,558,023	$ 5,917,958	$ 5,518,493	$ 5,534,917	$ 5,532,423	$ 5,174,020	$ 5,094,779	$ 4,971,811	$ 4,670,520
Actual contributions	(6,837,457)	(6,558,023)	(5,917,958)	(5,518,493)	(5,534,917)	(5,532,423)	(5,174,020)	(5,094,779)	(4,971,811)	(4,670,520)
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 36,686,000	$ 35,591,209	$ 33,832,208	$ 31,442,237	$ 30,853,753	$ 31,348,108	$ 29,411,252	$ 28,640,420	$ 28,113,691	$ 26,464,297
Ratio of actual contributions to covered payroll amount	18.64%	18.43%	17.49%	17.55%	17.94%	17.65%	17.59%	17.79%	17.69%	17.65%

Notes to Schedule

Valuation Date	Actuarially determined contribution rates are calculated as of December 31st each year and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	20 years
Asset Valuation Method	10 year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB (10) mortality tables with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Other information:	
Notes:	There were no benefit changes during the year.

CITY OF EULESS, TEXAS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30

	2025*	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*
Total OPEB liability									
Service cost	$ 180,302	$ 175,050	$ 306,311	$ 331,127	$ 287,730	$ 267,668	$ 435,930	$ 447,155	$ 75,083
Interest on total OPEB liability	1,470,137	1,307,026	1,531,512	1,603,744	1,539,416	1,379,257	1,360,548	1,271,483	825,331
Effect of changes of benefit terms	-	-	-	-	-	-	-	-	-
Effect of difference between expected and actual experience	-	(3,738,721)	-	(200,028)	-	(627,155)	-	1,459,988	432,425
Contributions - other	300,233	263,735	252,575	246,671	281,524	276,885	270,205	-	-
Effect of changes of assumptions	-	1,428,452	-	(1,824,415)	-	1,322,815	-	(798,143)	5,480,748
Administrative expense	(224,115)	(171,718)	(171,897)	(144,973)	(140,970)	(131,481)	(135,119)	-	-
Benefit payments	(1,309,524)	(604,237)	(1,226,752)	(1,053,109)	(955,297)	(898,811)	(1,019,931)	(1,230,281)	(1,332,839)
Net change in OPEB liability	417,033	(1,340,413)	691,749	(1,040,983)	1,012,403	1,589,178	911,633	1,150,202	5,480,748
Beginning balance	20,038,221	21,378,634	20,686,885	21,727,868	20,715,465	19,126,287	18,214,654	17,064,452	11,583,704
Ending balance	$ 20,455,254	$ 20,038,221	$ 21,378,634	$ 20,686,885	$ 21,727,868	$ 20,715,465	$ 19,126,287	$ 18,214,654	$ 17,064,452
Plan fiduciary net position									
Contributions - employer	$ 2,019,008	$ 1,275,600	$ 1,906,655	$ 1,663,312	$ 1,515,094	$ 1,455,171	$ 1,583,715	$ 1,754,093	$ 1,832,839
Contributions - other	300,233	263,735	252,575	246,671	281,524	276,885	270,205	320,471	-
Net investment income (loss)	1,160,582	887,464	754,490	(1,928,493)	668,472	577,387	502,656	381,824	559,716
Difference in expected and actual net investment income	302,047	1,847,733	262,122	-	950,076	11,026	(226,279)	-	-
Benefit payments	(1,309,524)	(604,237)	(1,226,752)	(1,053,109)	(955,297)	(898,811)	(1,019,931)	(1,230,281)	(1,332,839)
Administrative expense	(224,115)	(171,718)	(171,897)	(144,973)	(140,970)	(131,481)	(135,119)	(147,597)	(13,525)
Net change in plan fiduciary net position	2,248,231	3,498,577	1,777,193	(1,216,592)	2,318,899	1,290,177	975,247	1,078,510	1,046,191
Beginning balance	15,081,619	11,583,042	9,805,849	11,022,441	8,703,542	7,413,365	6,438,118	5,359,608	4,313,417
Ending balance	$ 17,329,850	$ 15,081,619	$ 11,583,042	$ 9,805,849	$ 11,022,441	$ 8,703,542	$ 7,413,365	$ 6,438,118	$ 5,359,608
City's net OPEB liability ending	$ 3,125,404	$ 4,956,602	$ 9,795,592	$ 10,881,036	$ 10,705,427	$ 12,011,923	$ 11,712,922	$ 11,776,536	$ 11,704,844
Plan fiduciary net position as a % of the total OPEB liability	84.72%	75.26%	54.18%	47.40%	50.73%	42.01%	38.76%	35.35%	31.41%
Covered employee payroll	$ 36,686,000	$ 35,591,209	$ 33,832,208	$ 31,442,237	$ 30,853,753	$ 31,348,108	$ 29,411,252	$ 28,640,420	$ 25,944,080
City's net OPEB liability as a % of covered employee payroll	8.52%	13.93%	28.95%	34.61%	34.70%	38.32%	39.82%	41.12%	45.12%

* This schedule is presented to illustrate the requirement to show ten years of information. However, until a full ten-year trend is available, the schedule will present the information that is available.

CITY OF EULESS, TEXAS
SCHEDULE OF CONTRIBUTIONS – OPEB TRUST
FOR THE FISCAL YEAR ENDED SEPTEMBER 30

	2025*	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*
Actuarially determined contribution	$ 660,671	$ 748,653	$ 1,297,029	$ 1,300,719	$ 1,421,454	$ 1,388,216	$ 1,486,177	$ 1,492,738	$ 1,226,144
Contributed in relation to the actuarially determined contribution	2,019,008	1,275,600	1,906,655	1,663,312	1,515,094	1,455,171	1,583,715	1,754,093	1,832,839
Contribution deficiency (excess)	$ (1,358,337)	$ (526,947)	$ (609,626)	$ (362,593)	$ (93,640)	$ (66,955)	$ (97,538)	$ (261,355)	$ (606,695)
Covered employee payroll	$ 36,686,000	$ 35,591,209	$ 33,832,208	$ 31,442,237	$ 30,853,753	$ 31,348,108	$ 29,411,252	$ 28,640,420	$ 25,944,080
Contributions as a percentage of covered employee payroll	5.5%	3.6%	5.6%	5.3%	4.9%	4.6%	5.4%	6.1%	7.1%

* This schedule is presented to illustrate the requirement to show ten years of information. However, until a full ten-year trend is available, the schedule will present the information that is available.

Notes to Schedule

Significant assumptions used in preparation of actuarial valuation

Valuation date	10/1/2023
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Method
Remaining amortization period	22 years - closed period
Amortization period for new losses	25 years - closed period
Asset valuation method	Market value
Discount rate	7.5%
Inflation	2.5% per annum
Healthcare cost trend rates	6.21% increasing/decreasing annually to 4.2% in 2048+
Dental cost trend rates	3.0% per annum
Payroll growth rate	3.0% per annum
Long-term investment rate of return, net of investment expense	7.5%
Retirement age	Varies with age and service level
Mortality	Sex distinct PUB 2010 general employee retiree headcount weighted mortality table with mortality improvement scale MP-2021.

CITY OF EULESS, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
General property tax				
Current and delinquent taxes	$ 23,459,205	$ 23,459,205	$ 23,136,618	$ (322,587)
Penalty and interest	75,000	75,000	92,064	17,064
Total property tax	23,534,205	23,534,205	23,228,682	(305,523)
Gross receipts tax				
Telephone line access fee	71,550	71,550	61,150	(10,400)
Electric company	1,692,266	1,692,266	1,667,492	(24,774)
Gas company	606,269	606,269	613,608	7,339
Cable TV	133,644	133,644	154,486	20,842
City garbage service	368,000	368,000	395,384	27,384
Water and wastewater system	1,747,990	1,747,990	1,725,708	(22,282)
Others	250,296	250,296	293,810	43,514
Total gross receipts tax	4,870,015	4,870,015	4,911,638	41,623
General sales tax	17,770,019	17,770,019	19,514,896	1,744,877
Fines and fees				
Municipal court fines	1,698,903	1,698,903	2,142,735	443,832
Jail income	1,390,316	1,390,316	1,390,316	-
Dog licenses and pound fees	7,500	7,500	8,008	508
Ambulance fees	1,090,475	1,090,475	1,515,765	425,290
Library fees	5,873	5,873	7,712	1,839
Zoning fees	14,500	14,500	17,961	3,461
Deferred adjudication fee	64,880	64,880	68,287	3,407
Total fines and fees	4,272,447	4,272,447	5,150,784	878,337
Licenses and permits				
Building permits	300,000	300,000	5,829,270	5,529,270
Miscellaneous permits	234,307	234,307	357,981	123,674
Minimum housing	56,245	56,245	108,466	52,221
Total licenses and permits	590,552	590,552	6,295,717	5,705,165
Investment income	341,793	341,793	1,325,689	983,896
Intergovernmental	585,917	585,917	540,676	(45,241)
Other revenues				
Rental income	500,420	500,420	720,727	220,307
Swimming pools	280,476	280,476	243,578	(36,898)
Miscellaneous income	192,318	192,318	241,068	48,750
Total other revenues	973,214	973,214	1,205,373	232,159
Total revenues	52,938,162	52,938,162	62,173,455	9,235,293

CITY OF EULESS, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2025

(Continued)

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Current				
Culture and recreation	$ 4,270,810	$ 4,270,810	$ 4,117,975	$ 152,835
Development services	1,201,166	1,562,515	1,526,434	36,081
General and administrative	17,475,122	17,639,396	14,805,095	2,834,301
Highways and streets	2,120,829	2,120,829	1,852,663	268,166
Public safety	34,062,652	34,062,652	32,439,450	1,623,202
Debt service				
Principal	-	-	171,724	(171,724)
Interest and fiscal charges	-	-	3,043	(3,043)
Total expenditures	59,130,579	59,656,202	54,916,384	4,739,818
Excess (deficiency) of revenues over (under) expenditures	(6,192,417)	(6,718,040)	7,257,071	13,975,111
Other financing sources (uses)				
Issuance of subscription debt	-	-	121,954	121,954
Proceeds from sale of assets	5,000	5,000	11,350	6,350
Transfers in	3,939,358	3,939,358	3,916,314	(23,044)
Transfers out	(4,627,158)	(4,671,110)	(4,674,055)	(2,945)
Total other financing sources (uses), net	(682,800)	(726,752)	(624,437)	102,315
Net change in fund balance	(6,875,217)	(7,444,792)	6,632,634	14,077,426
Fund balance, beginning of year	23,309,074	23,309,074	23,309,074	-
Fund balance, end of year	$ 16,433,857	$ 15,864,282	$ 29,941,708	$ 14,077,426

CITY OF EULESS, TEXAS
BUDGETARY COMPARISON SCHEDULE
CAR RENTAL SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Car rental tax	$ 19,157,728	$ 19,157,728	$ 20,255,173	$ 1,097,445
Investment income	570,462	570,462	947,391	376,929
Total revenues	19,728,190	19,728,190	21,202,564	1,474,374
Expenditures				
General and administrative	12,871,819	14,115,089	13,564,649	550,440
Capital outlay	722,972	722,972	151,816	571,156
Total expenditures	13,594,791	14,838,061	13,716,465	1,121,596
Excess of revenues over expenditures	6,133,399	4,890,129	7,486,099	2,595,970
Other financing sources (uses)				
Transfers in	750,000	750,000	750,000	-
Transfers out	(12,034,740)	(12,184,740)	(12,184,740)	-
Net other financing sources (uses)	(11,284,740)	(11,434,740)	(11,434,740)	-
Net change in fund balance	(5,151,341)	(6,544,611)	(3,948,641)	2,595,970
Fund balance, beginning of year	11,077,049	11,077,049	11,077,049	-
Fund balance, end of year	$ 5,925,708	$ 4,532,438	$ 7,128,408	$ 2,595,970

NOTE 1. BUDGET BASIS OF ACCOUNTING

The City Council adheres to the following procedures in establishing budgetary data reflected in the financial statements:

1. Prior to August 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and expenses and means of financing them.

2. Public hearings are conducted to obtain taxpayers' comments.

3. Prior to September 30, the budget is legally enacted through passage of an ordinance and a budgetary report is prepared.

4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revision that alters the total expenditures or expenses of any fund must be approved by the City Council. The budget presented reflects revisions made during the year. The legal level of control is at the fund level.

5. A budget is legally adopted for the general fund and special revenue funds on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds. Appropriations and encumbrances lapse at year-end.

6. Formal budgetary integration is not employed for the debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

7. Budgetary data for the capital projects funds has not been presented in the accompanying basic financial statements as such funds are budgeted over the life of the respective projects and not on an annual basis. Accordingly, formal budgetary integration of the capital projects funds is not employed and comparison of actual results of operations to budgetary data for such funds is not presented.

8. Appropriated budgets for the proprietary funds are also adopted but have not been presented since reporting on such budgets is not legally required.

The Budgetary Comparison Schedules – general fund and car rental tax special revenue fund present a comparison of budgetary data to actual results. These funds utilize the same basis of accounting for both budgetary purposes and actual results.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Hotel/Motel Fund – to account for the operations and expenditures for which hotel/motel occupancy taxes are used. Occupancy tax revenues are used primarily for advertising and promotion of the City.

Stars Building Fund – to account for lease revenue related to the Stars Center.

Half-Penny Sales Tax Fund – to account for the sales tax revenues and expenditures of the Euless Development Corporation, a component unit of the City of Euless. The revenues can only be spent on parks, library, debt service, and economic development activities within the City of Euless.

Police Drug Enforcement Fund – to account for proceeds from drug seizures and the sale of assets seized in connection with drug arrests. Revenues are used solely for police department expenditures.

Crime Control and Prevention District Fund – to account for the revenues and expenditures of this component unit of the City of Euless. The revenues are collected from sales taxes and expenditures can only be spent for police department operations and capital as approved by the Crime Control and Prevention District Board.

Elementary School Resource Officer Fund (ESRO) – to account for HEB ISD funding for elementary school resource officers subject to continued approval of an interlocal agreement between HEB ISD and cities located within HEB ISD jurisdiction.

Grant Fund – to account for grant revenues received by the City, which must be spent in accordance with grant provisions.

Police Seized Asset Fund – to account for resources received from asset forfeiture pursuant to court judgment File No. 09-13-640 to be administered in compliance with Chapter 59, Texas Code of Criminal Procedure.

Juvenile Case Fund – to account for a fee added to municipal court citations. This fee is used to support the expenditures associated with juvenile case processing.

Glade Parks Public Improvement District (PID) Fund – to account for the accumulation of resources from an assessment levied upon properties within the district boundaries. The resources are utilized for the repayment of debt issued to fund public improvements within the district. The district assesses property owners only for the portion of the debt payment not covered with resources of the Glade Parks TIRZ #3.

NON-MAJOR GOVERNMENTAL FUNDS – Continued

Tax Increment Reinvestment Zone #3 – Glade Parks Fund (TIRZ #3) – to account for the accumulation of a portion of the incremental property taxes from taxing entities participating in the tax increment reinvestment zone. The resources are used for the repayment of debt issued to fund public improvements within the zone.

Midtown Public Improvement District (PID) Fund – to account for the accumulation of resources from an assessment levied upon properties within the district boundaries. The resources are utilized for the repayment of debt issued to fund public improvements within the district.

Midtown TIRZ #4 Fund – to account for the accumulation of a portion of the incremental property taxes from taxing entities participating in the tax increment reinvestment zone. The resources are used for the repayment of debt issued to fund public improvements within the zone. The TIRZ #4 fund revenues reduce the amount of revenue needed from the Midtown PID fund to pay debt service.

Cable PEG Fees Fund – to account for a 1% fee collected from cable channel providers for expansion of the city's public, educational, and governmental access channel.

CAPITAL PROJECTS FUNDS

Half-Penny Sales Tax CIP Fund – to account for bond proceeds and sales tax receipts to be expended for capital projects funded by the Euless Development Corporation, a component unit of the City of Euless.

Developers' Contribution Fund – to account for funds received for the purpose of making new and future improvements to various development areas within the City.

Street CIP Fund – to account for street construction and reconstruction projects and the means of financing such improvements.

Redevelopment CIP Fund – to account for land acquisition and revitalization projects designed to enhance development and promote redevelopment throughout the community.

Midtown Reserve Fund – to account for resources used to re-establish the Midtown debt reserve.

TIRZ #4 Midtown CIP Fund – to account for construction projects and the means of financing such projects within the development area generally known as Founders Parc, formerly Euless Midtown.

Car Rental CIP Fund – to account for building and infrastructure projects that are funded from short-term motor vehicle rental tax.

CITY OF EULESS, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	Special Revenue Funds						
	Hotel/ Motel Fund	Stars Building Fund	ESRO Fund	Half-Penny Sales Tax Fund	Police Drug Enforce-ment Fund	Crime Control and Prevention District Fund	Grant Fund
ASSETS							
Deposits and investments	$ 2,140,705	$ -	$ -	$ 4,212,311	$ 904,185	$ 1,345,034	$ 63,616
Accounts receivable	374,105	-	124,704	1,500	1,737	-	12,234
Property taxes receivable	-	-	-	-	-	-	-
Accrued interest receivable	-	-	-	17,480	-	6,055	-
Due from other governments	-	-	-	1,389,984	-	697,333	-
Lease receivable	-	2,541,881	-	1,518,820	-	-	-
Prepaids and deposits	750	-	-	7,749	-	56,567	-
Restricted deposits and investments	-	-	-	-	-	-	-
Total assets	$ 2,515,560	$ 2,541,881	$ 124,704	$ 7,147,844	$ 905,922	$ 2,104,989	$ 75,850
LIABILITIES							
Accounts payable	$ 275,878	$ -	$ 97,692	$ 253,393	$ 228,132	$ 11,111	$ -
Accrued salaries and wages	-	-	27,012	87,404	-	97,792	1,648
Total liabilities	275,878	-	124,704	340,797	228,132	108,903	1,648
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - other	-	-	-	-	-	-	-
Deferred inflows related to leases	-	2,541,881	-	1,518,820	-	-	-
Total deferred inflows of resources	-	2,541,881	-	1,518,820	-	-	-
FUND BALANCES							
Nonspendable	750	-	-	7,749	-	56,567	-
Restricted, debt service	-	-	-	430,796	-	-	-
Restricted, capital projects	-	-	-	-	-	-	-
Restricted, developer agreements	-	-	-	-	-	-	-
Restricted, juvenile case management	-	-	-	-	-	-	-
Restricted, cable PEG fees	-	-	-	-	-	-	-
Restricted, historical preservation	843	-	-	-	-	-	-
Assigned	2,238,089	-	-	4,849,682	677,790	1,939,519	74,202
Unassigned	-	-	-	-	-	-	-
Total fund balances	2,239,682	-	-	5,288,227	677,790	1,996,086	74,202
Total liabilities, deferred inflows of resources, and fund balances	$ 2,515,560	$ 2,541,881	$ 124,704	$ 7,147,844	$ 905,922	$ 2,104,989	$ 75,850

Special Revenue Funds							
Police Seized Assets Fund	Juvenile Case Fund	Glade Parks PID Fund	TIRZ #3 Glade Parks Fund	Midtown PID Fund	TIRZ #4 Midtown Fund	Cable PEG Fees Fund	Special Revenue Funds Totals
$ 179,107	$ 293,788	$ -	$ 1,217,779	$ 6,822	$ 1,137,154	$ 641,793	$ 12,142,294
-	-	-	82,000	-	1,811	12,000	610,091
-	-	-	124,065	-	18,691	-	142,756
-	-	-	-	-	-	-	23,535
-	-	-	-	-	-	-	2,087,317
-	-	-	-	-	-	-	4,060,701
-	-	-	-	-	-	3,675	68,741
-	-	-	-	-	-	-	-
$ 179,107	$ 293,788	$ -	$ 1,423,844	$ 6,822	$ 1,157,656	$ 657,468	$ 19,135,435
$ -	$ 126	$ -	$ -	$ 1,219	$ -	$ 1,100	$ 868,651
-	849	-	-	-	-	-	214,705
-	975	-	-	1,219	-	1,100	1,083,356
-	-	-	-	34,324	-	-	34,324
-	-	-	-	-	-	-	4,060,701
-	-	-	-	34,324	-	-	4,095,025
-	-	-	-	-	-	3,675	68,741
-	-	-	-	-	-	-	430,796
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	292,813	-	-	-	-	-	292,813
-	-	-	-	-	-	652,693	652,693
-	-	-	-	-	-	-	843
179,107	-	-	1,423,844	-	1,157,656	-	12,539,889
-	-	-	-	(28,721)	-	-	(28,721)
179,107	292,813	-	1,423,844	(28,721)	1,157,656	656,368	13,957,054
$ 179,107	$ 293,788	$ -	$ 1,423,844	$ 6,822	$ 1,157,656	$ 657,468	$ 19,135,435

CITY OF EULESS, TEXAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025

	Capital Project Funds			
	Half-Penny Sales Tax CIP Fund	Developers' Contribution Fund	Street CIP Fund	Redevelopment CIP Fund
ASSETS				
Deposits and investments	$ 7,366,671	$ 3,020,822	$ 5,511,352	$ 2,076,156
Accounts receivable	-	-	-	-
Property taxes receivable	-	-	-	-
Accrued interest receivable	5,250	-	16,272	-
Due from other governments	-	-	-	-
Lease receivable	-	-	-	-
Prepaids and deposits	-	-	-	-
Restricted deposits and investments	-	-	-	-
Total assets	$ 7,371,921	$ 3,020,822	$ 5,527,624	$ 2,076,156
LIABILITIES				
Accounts payable	$ -	$ 108,024	$ 678,697	$ 22,770
Accrued salaries and wages	-	-	-	-
Total liabilities	-	108,024	678,697	22,770
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - other	-	-	-	-
Deferred inflows related to leases	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted, debt service	-	-	-	-
Restricted, capital projects	-	-	-	-
Restricted, developer agreements	-	2,912,798	-	-
Restricted, juvenile case management	-	-	-	-
Restricted, cable PEG fees	-	-	-	-
Restricted, historical preservation	-	-	-	-
Assigned	7,371,921	-	4,848,927	2,053,386
Unassigned	-	-	-	-
Total fund balances	7,371,921	2,912,798	4,848,927	2,053,386
Total liabilities, deferred inflows of resources, and fund balances	$ 7,371,921	$ 3,020,822	$ 5,527,624	$ 2,076,156

Capital Project Funds				
Midtown Reserve Fund	TIRZ #4 Midtown CIP Fund	Car Rental CIP Fund	Capital Project Funds Totals	Total Non-major Governmental Funds
$ 999,725	$ -	$ 5,895,638	$ 24,870,364	$ 37,012,658
-	-	-	-	610,091
-	-	-	-	142,756
-	-	35,022	56,544	80,079
-	-	-	-	2,087,317
-	-	-	-	4,060,701
-	-	-	-	68,741
	58,025	-	58,025	58,025
$ 999,725	$ 58,025	$ 5,930,660	$ 24,984,933	$ 44,120,368
$ -	$ -	$ 97,183	$ 906,674	$ 1,775,325
-	-	-	-	214,705
-	-	97,183	906,674	1,990,030
-	-	-	-	34,324
-	-	-	-	4,060,701
-	-	-	-	4,095,025
-	-	-	-	68,741
999,725	-	-	999,725	1,430,521
-	58,025	-	58,025	58,025
-	-	-	2,912,798	2,912,798
-	-	-	-	292,813
-	-	-	-	652,693
-	-	-	-	843
-	-	5,833,477	20,107,711	32,647,600
-	-	-	-	(28,721)
999,725	58,025	5,833,477	24,078,259	38,035,313
$ 999,725	$ 58,025	$ 5,930,660	$ 24,984,933	$ 44,120,368

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	Special Revenue Funds						
	Hotel/ Motel Fund	Stars Building Fund	ESRO Fund	Half-Penny Sales Tax Fund	Police Drug Enforce-ment Fund	Crime Control and Prevention District Fund	Grant Fund
Revenues							
General property tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Gross receipts tax	1,698,065	-	-	-	-	-	-
General sales tax	-	-	-	8,011,985	-	3,990,233	-
Investment income	99,717	-	-	212,077	24,875	49,858	-
Intergovernmental	-	-	620,887	-	15,000	-	174,449
Rents and royalties	-	-	-	84,567	-	-	-
Other revenues	-	-	-	-	-	15,833	-
Total revenues	1,797,782	-	620,887	8,308,629	39,875	4,055,924	174,449
Expenditures							
Culture and recreation	-	-	-	4,184,492	-	-	-
Development services	-	-	-	273,521	-	-	-
General and administrative	412,005	-	-	362,622	-	-	-
Highways and streets	-	-	-	-	-	-	-
Public safety	-	-	494,109	-	30,697	3,474,748	158,706
Debt service							
Principal	-	-	26,094	249,743	-	-	-
Interest and fiscal charges	-	-	24	157,187	-	-	-
Capital outlay	275,142	-	100,660	9,778	17,721	-	-
Total expenditures	687,147	-	620,887	5,237,343	48,418	3,474,748	158,706
Excess (deficiency) of revenues over (under) expenditures	1,110,635	-	-	3,071,286	(8,543)	581,176	15,743
Other financing sources (uses)							
Transfers in	-	-	-	-	5,000	-	58,459
Transfers out	(1,464,154)	-	-	(5,428,840)	-	(5,000)	-
Total other financing sources (uses), net	(1,464,154)	-	-	(5,428,840)	5,000	(5,000)	58,459
Net change in fund balances	(353,519)	-	-	(2,357,554)	(3,543)	576,176	74,202
Fund balance, beginning of year	2,593,201	-	-	7,645,781	681,333	1,419,910	-
Fund balance, end of year	$ 2,239,682	$ -	$ -	$ 5,288,227	$ 677,790	$ 1,996,086	$ 74,202

Special Revenue Funds							
Police Seized Asset Fund	Juvenile Case Fund	Glade Parks PID Fund	TIRZ #3 Glade Parks Fund	Midtown PID Fund	TIRZ #4 Midtown Fund	Cable PEG Fees Fund	Special Revenue Funds Totals
$ -	$ -	$ -	$ 1,950,497	$ -	$ 951,176	$ -	$ 2,901,673
-	-	-	-	-	-	47,519	1,745,584
-	-	-	504,190	-	10,875	-	12,517,283
7,902	11,383	-	118,400	830	-	27,847	552,889
-	-	-	-	-	-	-	810,336
-	-	-	-	-	-	-	84,567
-	56,834	-	-	134,381	-	-	207,048
7,902	68,217	-	2,573,087	135,211	962,051	75,366	18,819,380
-	-	-	-	-	-	-	4,184,492
-	-	-	-	-	-	-	273,521
-	27,534	-	-	10,442	-	54,272	866,875
-	-	-	-	-	-	-	-
19,758	-	-	-	-	-	-	4,178,018
-	-	-	-	-	-	-	275,837
-	-	-	-	-	-	-	157,211
-	-	-	-	-	-	33,799	437,100
19,758	27,534	-	-	10,442	-	88,071	10,373,054
(11,856)	40,683	-	2,573,087	124,769	962,051	(12,705)	8,446,326
-	-	-	-	-	-	-	63,459
-	-	(750,000)	(7,313,326)	(121,518)	(942,504)	-	(16,025,342)
-	-	(750,000)	(7,313,326)	(121,518)	(942,504)	-	(15,961,883)
(11,856)	40,683	(750,000)	(4,740,239)	3,251	19,547	(12,705)	(7,515,557)
190,963	252,130	750,000	6,164,083	(31,972)	1,138,109	669,073	21,472,611
$ 179,107	$ 292,813	$ -	$ 1,423,844	$ (28,721)	$ 1,157,656	$ 656,368	$ 13,957,054

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2025

	Capital Project Funds			
	Half-Penny Sales Tax CIP Fund	Developers' Contribution Fund	Street CIP Fund	Redevelopment CIP Fund
Revenues				
General property tax	$ -	$ -	$ -	$ -
Gross receipts tax	-	-	-	-
General sales tax	-	-	-	-
Investment income	262,319	130,238	385,920	92,059
Intergovernmental	-	-	-	-
Rents and royalties	-	-	-	-
Other revenues	-	6,750	-	-
Total revenues	262,319	136,988	385,920	92,059
Expenditures				
Culture and recreation	105,013	978	-	-
Development services	-	-	-	-
General and administrative	-	-	-	65,748
Highways and streets	-	-	3,850	-
Public safety	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	886,960	-	5,935,138	120,300
Total expenditures	991,973	978	5,938,988	186,048
Excess (deficiency) of revenues over (under) expenditures	(729,654)	136,010	(5,553,068)	(93,989)
Other financing sources (uses)				
Transfers in	5,208,200	-	1,150,000	1,000,000
Transfers out	-	-	-	-
Total other financing sources (uses), net	5,208,200	-	1,150,000	1,000,000
Net change in fund balances	4,478,546	136,010	(4,403,068)	906,011
Fund balance, beginning of year	2,893,375	2,776,788	9,251,995	1,147,375
Fund balance, end of year	$ 7,371,921	$ 2,912,798	$ 4,848,927	$ 2,053,386

Capital Project Funds					
Midtown Reserve Fund	TIRZ #4 Midtown CIP Fund	Car Rental CIP Fund	Capital Project Funds Totals	Total Non-major Governmental Funds
$ -	$ -	$ -	$ -	$ 2,901,673
-	-	-	-	1,745,584
-	-	-	-	12,517,283
-	-	164,258	1,034,794	1,587,683
-	-	-	-	810,336
-	-	-	-	84,567
-	-	-	6,750	213,798
-	-	164,258	1,041,544	19,860,924
-	-	-	105,991	4,290,483
-	-	-	-	273,521
-	2,966	-	68,714	935,589
-	-	-	3,850	3,850
-	-	-	-	4,178,018
-	-	-	-	275,837
-	-	-	-	157,211
-	-	97,100	7,039,498	7,476,598
-	2,966	97,100	7,218,053	17,591,107
-	(2,966)	67,158	(6,176,509)	2,269,817
-	-	5,600,000	12,958,200	13,021,659
-	-	-	-	(16,025,342)
-	-	5,600,000	12,958,200	(3,003,683)
-	(2,966)	5,667,158	6,781,691	(733,866)
999,725	60,991	166,319	17,296,568	38,769,179
$ 999,725	$ 58,025	$ 5,833,477	$ 24,078,259	$ 38,035,313

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
HOTEL / MOTEL SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Gross receipts tax	$ 1,431,275	$ 1,431,275	$ 1,698,065	$ 266,790
Investment income	89,180	89,180	99,717	10,537
Total revenues	1,520,455	1,520,455	1,797,782	277,327
Expenditures				
General and administrative	458,238	736,630	687,147	49,483
Total expenditures	458,238	736,630	687,147	49,483
Excess of revenues over expenditures	1,062,217	783,825	1,110,635	326,810
Other financing uses				
Transfers out	(1,480,797)	(1,480,797)	(1,464,154)	16,643
Total other financing uses	(1,480,797)	(1,480,797)	(1,464,154)	16,643
Net change in fund balance	(418,580)	(696,972)	(353,519)	343,453
Fund balance, beginning of year	2,593,201	2,593,201	2,593,201	-
Fund balance, end of year	$ 2,174,621	$ 1,896,229	$ 2,239,682	$ 343,453

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
HALF-PENNY SALES TAX SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
General sales tax	$ 7,304,483	$ 7,304,483	$ 8,011,985	$ 707,502
Investment income	88,180	88,180	212,077	123,897
Rents and royalties	115,267	115,267	84,567	(30,700)
Total revenues	7,507,930	7,507,930	8,308,629	800,699
Expenditures				
Culture and recreation	4,459,637	4,459,637	4,194,270	265,367
Development services	1,157,525	1,157,525	273,521	884,004
General and administrative	549,109	549,109	362,622	186,487
Debt service				
Principal	245,000	245,000	249,743	(4,743)
Interest and fiscal charges	157,075	157,075	157,187	(112)
Total expenditures	6,568,346	6,568,346	5,237,343	1,331,003
Excess of revenues over expenditures	939,584	939,584	3,071,286	2,131,702
Other financing uses				
Transfers out	(5,428,840)	(5,428,840)	(5,428,840)	-
Total other financing uses	(5,428,840)	(5,428,840)	(5,428,840)	-
Net change in fund balance	(4,489,256)	(4,489,256)	(2,357,554)	2,131,702
Fund balance, beginning of year	7,645,781	7,645,781	7,645,781	-
Fund balance, end of year	$ 3,156,525	$ 3,156,525	$ 5,288,227	$ 2,131,702

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
POLICE DRUG ENFORCEMENT SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	$ 31,606	$ 31,606	$ 24,875	$ (6,731)
Intergovernmental	15,000	15,000	15,000	-
Total revenues	46,606	46,606	39,875	(6,731)
Expenditures				
Public safety	220,000	220,000	48,418	171,582
Total expenditures	220,000	220,000	48,418	171,582
Excess (deficiency) of revenues over (under) expenditures	(173,394)	(173,394)	(8,543)	164,851
Other financing sources				
Transfers in	5,000	5,000	5,000	-
Total other financing sources	5,000	5,000	5,000	-
Net change in fund balance	(168,394)	(168,394)	(3,543)	164,851
Fund balance, beginning of year	681,333	681,333	681,333	-
Fund balance, end of year	$ 512,939	$ 512,939	$ 677,790	$ 164,851

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CRIME CONTROL AND PREVENTION DISTRICT SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
General sales tax	$ 3,458,132	$ 3,458,132	$ 3,990,233	$ 532,101
Other revenue	15,833	15,833	15,833	-
Investment income	7,588	7,588	49,858	42,270
Total revenues	3,481,553	3,481,553	4,055,924	574,371
Expenditures				
Public safety	3,653,736	3,692,903	3,474,748	218,155
Total expenditures	3,653,736	3,692,903	3,474,748	218,155
Excess (deficiency) of revenues over (under) expenditures	(172,183)	(211,350)	581,176	792,526
Other financing uses				
Transfers out	(5,000)	(5,000)	(5,000)	-
Total other financing uses	(5,000)	(5,000)	(5,000)	-
Net change in fund balance	(177,183)	(216,350)	576,176	792,526
Fund balance, beginning of year	1,419,910	1,419,910	1,419,910	-
Fund balance, end of year	$ 1,242,727	$ 1,203,560	$ 1,996,086	$ 792,526

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
ESRO SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	$ 2,310,000	$ 2,310,000	$ 620,887	$ (1,689,113)
Total revenues	2,310,000	2,310,000	620,887	(1,689,113)
Expenditures				
Public safety	2,223,289	2,223,289	594,769	1,628,520
Debt service				
Principal	45,791	45,791	26,094	19,697
Interest and fiscal charges	-	-	24	(24)
Total expenditures	2,269,080	2,269,080	620,887	1,648,193
Net change in fund balance	40,920	40,920	-	(40,920)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ 40,920	$ 40,920	$ -	$ (40,920)

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GRANT SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	$ 1,040,036	$ 1,094,582	$ 174,449	$ (920,133)
Total revenues	1,040,036	1,094,582	174,449	(920,133)
Expenditures				
Public safety	1,235,291	1,295,688	158,706	1,136,982
Total expenditures	1,235,291	1,295,688	158,706	1,136,982
Excess (deficiency) of revenues over (under) expenditures	(195,255)	(201,106)	15,743	216,849
Other financing sources				
Transfers in	195,255	201,106	58,459	(142,647)
Total other financing sources	195,255	201,106	58,459	(142,647)
Net change in fund balance	-	-	74,202	74,202
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ -	$ -	$ 74,202	$ 74,202

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
POLICE SEIZED ASSET SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	$ 5,873	$ 5,873	$ 7,902	$ 2,029
Total revenues	5,873	5,873	7,902	2,029
Expenditures				
Public safety	51,020	51,020	19,758	31,262
Total expenditures	51,020	51,020	19,758	31,262
Net change in fund balance	(45,147)	(45,147)	(11,856)	33,291
Fund balance, beginning of year	190,963	190,963	190,963	-
Fund balance, end of year	$ 145,816	$ 145,816	$ 179,107	$ 33,291

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
JUVENILE CASE SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment income	$ 8,406	$ 8,406	$ 11,383	$ 2,977
Other revenues	44,225	44,225	56,834	12,609
Total revenues	52,631	52,631	68,217	15,586
Expenditures				
General and administrative	39,860	39,860	27,534	12,326
Total expenditures	39,860	39,860	27,534	12,326
Net change in fund balance	12,771	12,771	40,683	27,912
Fund balance, beginning of year	252,130	252,130	252,130	-
Fund balance, end of year	$ 264,901	$ 264,901	$ 292,813	$ 27,912

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GLADE PARKS PID FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing uses				
Transfers out	$ (750,000)	$ (750,000)	$ (750,000)	$ -
Total other financing uses	(750,000)	(750,000)	(750,000)	-
Net change in fund balance	(750,000)	(750,000)	(750,000)	-
Fund balance, beginning of year	750,000	750,000	750,000	-
Fund balance, end of year	$ -	$ -	$ -	$ -

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
TIRZ #3 GLADE PARKS SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
General property tax	$ 2,063,275	$ 2,063,275	$ 1,950,497	$ (112,778)
General sales tax	479,664	479,664	504,190	24,526
Investment income	196,089	196,089	118,400	(77,689)
Total revenues	2,739,028	2,739,028	2,573,087	(165,941)
Other financing uses				
Transfers out	(7,454,308)	(7,559,308)	(7,313,326)	245,982
Total other financing uses	(7,454,308)	(7,559,308)	(7,313,326)	245,982
Net change in fund balance	(4,715,280)	(4,820,280)	(4,740,239)	80,041
Fund balance, beginning of year	6,164,083	6,164,083	6,164,083	-
Fund balance, end of year	$ 1,448,803	$ 1,343,803	$ 1,423,844	$ 80,041

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
MIDTOWN PID SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other revenues	$ 158,518	$ 158,518	$ 134,381	$ (24,137)
Investment income	2,304	2,304	830	(1,474)
Total revenues	160,822	160,822	135,211	(25,611)
Expenditures				
General and administrative	37,000	37,000	10,442	26,558
Total expenditures	37,000	37,000	10,442	26,558
Excess of revenues over expenditures	123,822	123,822	124,769	947
Other financing uses				
Transfers out	(121,518)	(121,518)	(121,518)	-
Total other financing uses	(121,518)	(121,518)	(121,518)	-
Net change in fund balance	2,304	2,304	3,251	947
Fund balance, beginning of year	(31,972)	(31,972)	(31,972)	-
Fund balance, end of year	$ (29,668)	$ (29,668)	$ (28,721)	$ 947

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
TIRZ #4 MIDTOWN SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property tax revenues	$ 985,360	$ 985,360	$ 951,176	$ (34,184)
General sales tax	11,525	11,525	10,875	(650)
Total revenues	996,885	996,885	962,051	(34,834)
Other financing uses				
Transfers out	(942,504)	(942,504)	(942,504)	-
Total other financing uses	(942,504)	(942,504)	(942,504)	-
Net change in fund balance	54,381	54,381	19,547	(34,834)
Fund balance, beginning of year	1,138,109	1,138,109	1,138,109	-
Fund balance, end of year	$ 1,192,490	$ 1,192,490	$ 1,157,656	$ (34,834)

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CABLE PEG FEES SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Gross receipts tax	$ 56,585	$ 56,585	$ 47,519	$ (9,066)
Investment income	20,343	20,343	27,847	7,504
Total revenues	76,928	76,928	75,366	(1,562)
Expenditures				
General and administrative	-	-	54,272	(54,272)
Capital outlay	99,600	99,600	33,799	65,801
Total expenditures	99,600	99,600	88,071	11,529
Net change in fund balance	(22,672)	(22,672)	(12,705)	9,967
Fund balance, beginning of year	669,073	669,073	669,073	-
Fund balance, end of year	$ 646,401	$ 646,401	$ 656,368	$ 9,967

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis.

Equipment Replacement Fund – to account for the accumulation of funds to be used for replacement of existing equipment. Funding is provided annually by the user departments.

Insurance Fund – to account for the revenues and expenses resulting from providing health insurance to the City's employees.

Risk Management/Workers' Compensation (Risk/WC) Fund – to account for the revenue and expenses applicable to providing workers' compensation coverage for all City employees, as well as, general liability and property coverage.

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2025

	Equipment Replacement Fund	Insurance Fund	Risk/WC Fund	Total
ASSETS				
Current Assets				
Deposits and investments	$ 26,752,745	$ 8,495,398	$ 3,445,421	$ 38,693,564
Accounts receivable	5,000	478,793	102,277	586,070
Prepaid expenses	1,004,989	3,138	-	1,008,127
Accrued interest receivable	218,251	42,958	3,028	264,237
Total current assets	27,980,985	9,020,287	3,550,726	40,551,998
Non-current Assets				
Property, plant, and equipment, at cost				
Equipment	24,137,527	-	107,568	24,245,095
Less accumulated depreciation	13,928,648	-	73,654	14,002,302
Net property, plant, and equipment	10,208,879	-	33,914	10,242,793
Total assets	38,189,864	9,020,287	3,584,640	50,794,791
LIABILITIES				
Current Liabilities				
Accounts payable	45,751	34,804	285,220	365,775
Accrued salary and wages	-	5,166	6,570	11,736
Current portion of compensated absences	-	3,227	4,404	7,631
Accrued insurance claims	-	870,000	-	870,000
Total current liabilities	45,751	913,197	296,194	1,255,142
Non-current Liabilities				
Compensated absences	-	3,070	5,605	8,675
Total non-current liabilities	-	3,070	5,605	8,675
Total liabilities	45,751	916,267	301,799	1,263,817
NET POSITION				
Net investment in capital assets	10,208,879	-	33,914	10,242,793
Unrestricted	27,935,234	8,104,020	3,248,927	39,288,181
Total net position	$ 38,144,113	$ 8,104,020	$ 3,282,841	$ 49,530,974

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	Equipment Replacement Fund	Insurance Fund	Risk/WC Fund	Total
Operating revenues				
Insurance premiums	$ -	$ 7,688,845	$ 524,605	$ 8,213,450
Service fees and miscellaneous	4,851,058	1,472,014	-	6,323,072
Total operating revenues	4,851,058	9,160,859	524,605	14,536,522
Operating expenses				
General and administrative	573,652	2,285,523	119,098	2,978,273
Insurance costs	-	7,120,140	1,243,888	8,364,028
Depreciation	2,256,780	-	9,994	2,266,774
Total operating expenses	2,830,432	9,405,663	1,372,980	13,609,075
Operating income (loss)	2,020,626	(244,804)	(848,375)	927,447
Nonoperating revenues				
Gain on sale of capital assets	443,691	-	-	443,691
Investment income	1,179,131	363,562	126,961	1,669,654
Total nonoperating revenues	1,622,822	363,562	126,961	2,113,345
Income (loss) before transfers	3,643,448	118,758	(721,414)	3,040,792
Transfers				
Transfers in	1,116,104	-	900,000	2,016,104
Total transfers	1,116,104	-	900,000	2,016,104
Change in net position	4,759,552	118,758	178,586	5,056,896
Net position, beginning of year	33,384,561	7,985,262	3,104,255	44,474,078
Net position, end of year	$ 38,144,113	$ 8,104,020	$ 3,282,841	$ 49,530,974

CITY OF EULESS, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED SEPTEMBER 30, 2025

	Equipment Replacement Fund	Insurance Fund	Risk/WC Fund	Total
OPERATING ACTIVITIES				
Cash received from customers	$ 4,846,058	$ 9,217,551	$ 595,563	$ 14,659,172
Cash payments to suppliers for goods and services	(1,098,653)	(9,160,656)	(1,267,205)	(11,526,514)
Cash payments to employees for services	-	(101,175)	(84,898)	(186,073)
Net cash provided by (used in) operating activities	3,747,405	(44,280)	(756,540)	2,946,585
NONCAPITAL FINANCING ACTIVITIES				
Transfers in	1,116,104	-	900,000	2,016,104
Net cash provided by noncapital financing activities	1,116,104	-	900,000	2,016,104
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition/construction of capital assets	(4,812,546)	-	-	(4,812,546)
Proceeds from sale of capital assets	479,338	-	-	479,338
Net cash used in capital and related financing activities	(4,333,208)	-	-	(4,333,208)
INVESTING ACTIVITIES				
Interest received on investments	1,191,066	386,302	133,239	1,710,607
Net cash provided by investing activities	1,191,066	386,302	133,239	1,710,607
Net change in cash and cash equivalents	1,721,367	342,022	276,699	2,340,088
Cash and cash equivalents, beginning of year	25,031,378	8,153,376	3,168,722	36,353,476
Cash and cash equivalents, end of year	$ 26,752,745	$ 8,495,398	$ 3,445,421	$ 38,693,564
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	$ 2,020,626	$ (244,804)	$ (848,375)	$ 927,447
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation expense	2,256,780	-	9,994	2,266,774
Changes in assets and liabilities				
Receivables	(5,000)	56,692	70,958	122,650
Prepaids	(225,918)	(3,138)	-	(229,056)
Accounts payable	(299,083)	(97,038)	2,929	(393,192)
Accrued salaries and wages	-	7,009	7,954	14,963
Accrued insurance claims	-	236,999	-	236,999
Net cash provided by (used in) operating activities	$ 3,747,405	$ (44,280)	$ (756,540)	$ 2,946,585
Reconciliation of cash to balance sheet:				
Cash - current	$ 26,752,745	$ 8,495,398	$ 3,445,421	$ 38,693,564
Cash and cash equivalents	$ 26,752,745	$ 8,495,398	$ 3,445,421	$ 38,693,564

STATISTICAL SECTION
(Unaudited)

STATISTICAL SECTION
(Unaudited)

The statistical section of the City of Euless' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Tables
Financial Trends The financial trend schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	1-4
Revenue Capacity The revenue capacity schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	5-8
Debt Capacity The debt capacity schedules present information to help the reader assess the affordability of the City's current level of outstanding debt (including that of its blended component units) and the City's ability to issue additional debt in the future.	9-12
Demographic and Economic Information The demographic and economic schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities occur.	13-14
Operating Information The operating information schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services it provides and the activities it performs.	15-17

CITY OF EULESS, TEXAS
NET POSITION BY COMPONENT – LAST TEN FISCAL YEARS
(Accrual Basis of Accounting – Unaudited)

Table 1

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	$ 108,135,655	$ 113,509,089	$ 112,710,338	$ 99,744,023	$ 104,018,729	$ 130,459,839	$ 123,862,163	$ 130,728,192	$ 133,199,143	$167,340,305
Restricted	17,508,943	10,293,057	13,620,993	26,158,342	30,103,225	7,441,090	7,579,559	8,185,722	9,032,712	8,453,011
Unrestricted	3,610,521	12,466,943	10,698,663	18,071,669	25,147,659	37,117,415	60,034,944	70,572,250	94,336,872	92,829,449
Total governmental activities net position	$ 129,255,119	$ 136,269,089	$ 137,029,994	$ 143,974,034	$ 159,269,613	$ 175,018,344	$ 191,476,666	$ 209,486,164	$ 236,568,727	$ 268,622,765
Business-type activities										
Net investment in capital assets	$ 59,184,256	$ 62,421,284	$ 63,283,054	$ 65,621,697	$ 66,554,698	$ 64,950,870	$ 73,306,877	$ 72,764,199	$ 78,063,094	$86,841,468
Restricted for debt service	733,164	733,264	1,018,037	1,426,830	1,425,701	1,426,103	1,348,929	1,348,271	1,331,015	1,311,479
Restricted for capital projects	4,265,268	1,166,442	3,962,644	10,646,450	4,256,167	-	-	-	-	-
Restricted for impact fees	1,980,150	2,467,095	2,895,677	3,047,942	3,010,687	3,247,897	3,234,445	3,310,647	3,543,589	3,881,472
Unrestricted	11,122,601	14,528,797	12,286,319	7,130,279	14,728,131	23,441,214	26,895,689	29,510,603	32,455,879	33,891,219
Total business-type activities net position	$ 77,285,439	$ 81,316,882	$ 83,445,731	$ 87,873,198	$ 89,975,384	$ 93,066,084	$ 104,785,940	$ 106,933,720	$ 115,393,577	$ 125,925,638
Primary government										
Net investment in capital assets	$ 167,319,911	$ 175,930,373	$ 175,993,392	$ 165,365,720	$ 170,573,427	$ 195,410,709	$ 197,169,040	$ 203,492,391	$ 211,262,237	$ 254,181,773
Restricted	24,487,525	14,659,858	21,497,351	41,279,564	38,795,780	12,115,090	12,162,933	12,844,640	13,907,316	13,645,962
Unrestricted	14,733,122	26,995,740	22,984,982	25,201,948	39,875,790	60,558,629	86,930,633	100,082,853	126,792,751	126,720,668
Total primary government net position	$ 206,540,558	$ 217,585,971	$ 220,475,725	$ 231,847,232	$ 249,244,997	$ 268,084,428	$ 296,262,606	$ 316,419,884	$ 351,962,304	$ 394,548,403

Source: Annual Comprehensive Financial Reports

CITY OF EULESS, TEXAS
CHANGES IN NET POSITION – LAST TEN FISCAL YEARS
(Accrual Basis of Accounting – Unaudited)

Table 2

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
Culture and recreation	$ 6,998,904	$ 7,349,035	$ 7,070,484	$ 7,330,168	$ 5,538,905	$ 6,890,021	$ 7,714,207	$ 8,016,590	$ 8,564,660	$ 9,713,145
Development services	918,214	999,153	1,038,328	1,057,414	1,062,784	903,633	934,100	1,304,416	1,283,753	1,886,805
General and administrative	20,722,236	20,816,148	21,356,342	21,112,696	20,827,914	20,604,298	24,293,764	31,849,368	28,888,669	29,657,656
Highways and streets	3,708,184	4,143,412	3,787,336	7,193,189	3,601,998	3,905,567	4,015,628	4,591,037	4,765,479	5,037,137
Public safety	26,673,966	28,265,072	27,424,253	30,352,705	27,354,689	27,489,405	27,379,929	33,625,098	33,776,738	39,199,884
Interest on long-term debt	1,807,001	1,502,912	1,632,302	2,010,814	2,560,933	2,507,261	2,417,173	2,414,153	2,912,405	2,732,355
Total governmental activities expenses	60,828,505	63,075,732	62,309,045	69,056,986	60,947,223	62,300,185	66,754,801	81,800,662	80,191,704	88,226,982
Business-type activities:										
Water and wastewater	21,009,701	21,673,844	23,225,786	23,493,321	25,333,182	24,823,460	26,754,590	29,142,646	31,566,816	33,065,992
Drainage utility	1,414,483	1,396,736	1,515,183	1,563,021	1,502,275	1,571,836	1,517,199	1,746,667	1,594,990	1,678,417
Golf	4,409,773	4,632,475	4,764,095	4,731,810	3,997,255	4,201,337	4,703,615	5,330,321	5,741,319	6,100,845
Other recreation enterprises	2,211,065	2,321,414	2,416,337	2,270,768	1,491,533	1,568,441	2,024,308	2,025,933	2,224,471	2,461,108
Total business-type activities expenses	29,045,022	30,024,469	31,921,401	32,058,920	32,324,245	32,165,074	34,999,712	38,245,567	41,127,596	43,306,362
Total primary government expenses	89,873,527	93,100,201	94,230,446	101,115,906	93,271,468	94,465,259	101,754,513	120,046,229	121,319,300	131,533,344
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services										
Culture and recreation	291,349	264,307	252,000	266,091	10,124	295,097	319,544	293,667	305,064	282,656
Development services	1,717,416	2,019,496	1,875,120	2,133,420	1,697,637	1,578,146	1,149,319	1,144,743	2,471,248	6,333,849
General and administrative	1,285,797	1,156,745	1,066,075	861,929	1,067,485	687,136	787,552	62,769	713,362	797,603
Highways and streets	350,920	607,588	988,302	1,114,507	1,075,865	982,070	717,124	287,767	261,316	134,381
Public safety	3,383,743	3,151,407	3,104,895	2,541,205	2,288,377	2,325,458	3,200,585	5,015,159	3,774,206	4,631,736
Operating grants and contributions	578,007	592,870	740,969	622,061	3,594,939	810,821	1,054,703	1,163,344	578,988	547,205
Capital grants and contributions	3,375,733	2,356,556	2,354,450	1,304,420	2,190,770	396,317	550,799	530,101	850,710	7,423,137
Total governmental activities program revenues	10,982,965	10,148,969	10,381,811	8,843,633	11,925,197	7,075,045	7,779,626	8,497,550	8,954,894	20,150,567
Business-type activities:										
Charges for services										
Water and wastewater	23,759,236	24,178,812	27,504,814	26,400,731	26,934,154	28,571,921	29,412,986	30,852,319	33,255,251	33,758,452
Drainage utility	725,152	730,202	818,622	826,711	833,890	842,003	1,193,159	958,637	945,588	1,255,830
Golf	4,187,728	4,247,345	4,337,003	4,067,026	3,363,915	4,350,610	5,131,494	5,159,600	4,558,952	3,530,639
Other recreation enterprises	2,059,413	2,168,944	2,123,825	2,197,926	884,286	1,433,139	1,905,434	2,001,970	2,158,949	2,281,292
Operating grants and contributions	-	-	-	-	-	-	949,068	-	-	-
Capital grants and contributions	2,943,188	2,280,769	1,729,219	3,058,291	2,677,913	1,002,393	1,254,532	1,018,715	7,446,265	9,623,785
Total business-type activities program revenues	33,674,717	33,606,072	36,513,483	36,550,685	34,694,158	36,200,066	39,846,673	39,991,241	48,365,005	50,449,998
Total primary government program revenues	44,657,682	43,755,041	46,895,294	45,394,318	46,619,355	43,275,111	47,626,299	48,488,791	57,319,899	70,600,565
	(Continued)	(Continued)	(Continued)	(Continued)	(Continued)	(Continued)	(Continued)	(Continued)	(Continued)	(Continued)

CITY OF EULESS, TEXAS
CHANGES IN NET POSITION – LAST TEN FISCAL YEARS
(Accrual Basis of Accounting – Unaudited) – Continued

Table 2

Net (Expense) Revenue										
Governmental activities	$ (49,845,540)	$ (52,926,763)	$ (51,927,234)	$ (60,213,353)	$ (49,022,026)	$ (55,225,140)	$ (58,975,175)	$ (73,303,112)	$ (71,236,810)	$ (68,076,415)
Business-type activities	4,629,695	3,581,603	4,592,082	4,491,765	2,369,913	4,034,992	4,846,961	1,745,674	7,237,409	7,143,636
Total primary government net expense	(45,215,845)	(49,345,160)	(47,335,152)	(55,721,588)	(46,652,113)	(51,190,148)	(54,128,214)	(71,557,438)	(63,999,401)	(60,932,779)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	14,752,044	16,656,028	18,630,301	20,428,821	22,837,075	24,195,500	24,974,349	27,569,306	30,132,666	31,876,634
Sales taxes	20,364,878	21,252,491	20,728,210	21,419,831	22,088,364	24,373,082	28,693,421	29,778,805	29,309,986	32,032,179
Car rental taxes	14,842,109	14,401,763	14,776,566	14,797,320	10,042,659	13,062,591	18,372,898	18,709,978	20,228,890	20,255,173
Mixed beverage taxes	101,503	128,250	154,035	138,219	146,188	171,687	201,348	215,340	213,322	258,974
Hotel/motel occupancy taxes	696,805	798,905	864,829	841,588	924,551	1,182,845	1,736,088	1,829,672	1,655,528	1,698,065
Gross receipts taxes	4,467,535	4,455,137	4,811,119	4,549,026	4,238,664	4,221,250	4,478,146	4,633,488	4,673,962	4,700,183
Investment income	271,786	451,406	963,670	1,882,696	1,054,661	123,646	804,074	5,180,191	8,706,659	7,610,517
Rents and royalties	1,105,829	1,149,534	1,223,788	1,348,465	1,462,429	1,574,739	1,567,269	1,345,885	1,144,401	1,423,846
Gain on sale of assets	-	124,792	-	-	-	-	-	-	-	-
Miscellaneous	692,939	755,996	772,773	930,764	971,040	1,081,893	1,304,396	1,354,694	1,768,534	2,156,954
Transfers	(703,751)	(233,569)	760,590	820,663	551,974	986,638	(6,698,492)	695,251	485,425	(1,882,072)
Total governmental activities	56,591,677	59,940,733	63,685,881	67,157,393	64,317,605	70,973,871	75,433,497	91,312,610	98,319,373	100,130,453
Business-type activities:										
Investment income	104,618	158,805	385,513	746,865	368,999	42,346	174,403	1,097,357	1,707,873	1,506,353
Gain on disposal of assets	13,185	57,466	2,873	9,500	(84,752)	-	-	-	-	-
Transfers	703,751	233,569	(760,590)	(820,663)	(551,974)	(986,638)	6,698,492	(695,251)	(485,425)	1,882,072
Total business-type activities	821,554	449,840	(372,204)	(64,298)	(267,727)	(944,292)	6,872,895	402,106	1,222,448	3,388,425
Total primary government	57,413,231	60,390,573	63,313,677	67,093,095	64,049,878	70,029,579	82,306,392	91,714,716	99,541,821	103,518,878
Change in Net Position										
Governmental activities	6,746,137	7,013,970	11,758,647	6,944,040	15,295,579	15,748,731	16,458,322	18,009,498	27,082,563	32,054,038
Business-type activities	5,451,249	4,031,443	4,219,878	4,427,467	2,102,186	3,090,700	11,719,856	2,147,780	8,459,857	10,532,061
Total primary government	$ 12,197,386	$ 11,045,413	$ 15,978,525	$ 11,371,507	$ 17,397,765	$ 18,839,431	$ 28,178,178	$ 20,157,278	$ 35,542,420	$ 42,586,099
	(concluded)	(concluded)	(concluded)	(concluded)	(concluded)	(concluded)	(concluded)	(concluded)	(concluded)	(concluded)

Source: Annual Comprehensive Financial Reports

CITY OF EULESS, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting – Unaudited)

Table 3

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	$ 35,250	$ 52,050	$ 51,409	$ 74,835	$ 158,975	$ 223,609	$ 113,090	$ 257,194	$ 178,415	$ 162,438
Restricted	121,041	104,340	125,753	132,954	123,748	117,674	108,919	111,942	151,992	224,896
Assigned	113,655	107,657	121,708	135,720	145,057	164,801	187,649	203,295	207,125	210,748
Unreserved/Unassigned	11,973,524	13,185,421	14,255,823	16,630,106	19,790,726	20,240,670	24,896,247	23,803,270	22,771,542	29,343,626
Total general fund	$ 12,243,470	$ 13,449,468	$ 14,554,693	$ 16,973,615	$ 20,218,506	$ 20,746,754	$ 25,305,905	$ 24,375,701	$ 23,309,074	$ 29,941,708
All Other Governmental Funds										
Nonspendable	$ 7,738	$ 22,028	$ 12,427	$ -	$ 24,873	$ 1,086	$ 15,655	$ 12,219	$ 83,672	$ 68,741
Restricted for:										
Debt service	1,995,548	2,285,719	2,765,013	3,429,240	3,828,633	4,316,041	4,405,396	4,884,252	5,127,305	4,368,968
Capital projects	12,715,424	4,985,922	7,501,009	19,287,010	22,369,460	18,996,535	15,184,734	36,154,995	27,607,196	10,820,938
Other	2,718,045	2,952,158	3,229,218	3,309,138	3,081,384	3,007,375	3,065,244	3,125,843	3,695,399	3,859,147
Assigned	12,541,184	14,730,171	21,356,289	19,461,628	17,221,925	22,761,358	32,889,510	41,397,028	56,848,383	56,237,515
Unassigned	-	-	-	-	-	-	-	-	(31,972)	(28,721)
Total all other governmental funds	$ 29,977,939	$ 24,975,998	$ 34,863,956	$ 45,487,016	$ 46,526,275	$ 49,082,395	$ 55,560,539	$ 85,574,337	$ 93,329,983	$ 75,326,588

Source: Annual Comprehensive Financial Reports

CITY OF EULESS, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting – Unaudited)

Table 4

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Property tax	$ 14,771,632	$ 16,674,673	$ 18,652,639	$ 20,408,581	$ 22,736,528	$ 24,144,693	$ 25,236,242	$ 27,594,201	$ 30,192,010	$ 31,686,811
Gross receipts tax	5,265,843	5,382,292	5,829,983	5,528,832	5,309,401	5,575,782	6,415,583	6,678,500	6,542,812	6,657,222
Sales tax	20,364,878	21,252,491	20,728,209	21,419,831	22,088,364	24,373,083	28,693,421	29,778,805	29,309,986	32,032,179
Car rental tax	14,842,109	14,401,763	14,776,566	14,797,320	10,042,659	13,062,591	18,372,898	18,709,978	20,228,890	20,255,173
Fines and fees	4,461,439	3,961,369	3,806,964	3,313,059	2,835,050	2,702,221	3,652,725	3,521,246	4,222,869	5,150,784
Licenses and permits	1,682,431	1,997,082	1,847,315	2,105,716	1,673,143	1,552,088	1,127,642	1,117,424	2,333,992	6,295,717
Investment income	237,949	385,769	821,642	1,623,907	869,827	103,170	711,952	4,174,317	7,048,574	5,940,865
Drug enforcement revenues	18,274	9,994	2,656	18,353	13,678	117,144	42,175	35,377	156,853	-
Intergovernmental	507,966	1,490,142	813,633	629,332	3,738,184	793,091	1,039,952	3,107,263	801,557	1,351,012
Rents and royalties	612,365	628,486	668,036	635,553	635,464	711,814	620,575	577,890	578,153	1,331,861
Other revenues	1,943,007	1,996,374	2,217,797	2,362,730	2,387,958	2,125,528	2,574,468	1,589,138	2,165,024	698,444
Total Revenues	64,707,893	68,180,435	70,165,440	72,843,214	72,330,256	75,261,205	88,487,633	96,884,139	103,580,720	111,400,068
Expenditures:										
Culture and recreation	6,023,057	6,324,436	6,372,535	6,258,492	6,785,529	6,120,370	7,335,273	7,241,266	7,710,734	8,408,458
Development services	862,571	931,119	1,036,278	1,001,587	1,065,028	924,919	993,827	1,187,377	1,311,747	1,799,955
General and administrative	18,975,116	18,985,489	19,790,021	19,038,500	18,727,050	19,881,563	22,755,689	28,851,315	25,118,702	27,072,664
Highways and streets	1,688,714	1,616,714	1,222,905	4,555,735	1,322,786	1,180,954	1,528,043	1,949,997	1,949,929	1,856,513
Public safety	24,698,550	26,068,993	26,977,362	27,738,238	28,322,488	28,534,814	30,662,083	32,871,946	34,924,013	36,617,468
Debt Service:										
Principal	3,530,000	3,848,825	4,761,697	4,828,848	4,605,000	4,635,000	4,631,897	6,036,322	6,606,130	12,661,578
Interest and fiscal charges	1,743,450	1,516,936	1,662,399	1,943,495	2,627,550	2,462,387	2,432,243	2,565,221	2,924,527	2,789,842
Issuance costs	-	-	-	-	-	-	-	-	-	-
Capital outlay	14,871,624	10,600,631	6,839,864	8,979,048	16,839,574	14,879,407	15,714,436	9,220,011	18,421,645	28,249,479
Total expenditures	72,393,082	69,893,143	68,663,061	74,343,943	80,295,005	78,619,414	86,053,491	89,923,455	98,967,427	119,455,957
Excess (deficiency) of revenues over (under) expenditures	(7,685,189)	(1,712,708)	1,502,379	(1,500,729)	(7,964,749)	(3,358,209)	2,434,142	6,960,684	4,613,293	(8,055,889)
Other Financing Sources (Uses):										
Issuance of lease	-	249,370	-	-	-	-	259,697	-	-	-
Issuance of subscription debt	-	-	-	-	-	-	-	337,794	1,046,792	121,954
Issuance of debt	20,760,000	-	9,805,000	13,420,000	12,345,000	6,985,000	7,660,000	20,620,000	-	-
Payment of escrow for refunding	-	-	-	-	-	-	-	-	-	-
Premiums on issuance of debt	403,354	-	264,116	869,936	524,348	401,414	-	1,630,433	-	-
Proceeds from sale of assets	-	-	23,513	25,625	118,830	20,525	199,400	61,913	8,650	11,350
Transfers in	7,468,038	8,845,061	13,942,847	11,040,601	10,122,378	8,193,943	11,857,126	13,373,428	25,085,615	29,633,466
Transfers out	(9,083,041)	(11,177,666)	(14,544,672)	(10,813,451)	(10,861,657)	(9,158,305)	(11,373,070)	(13,900,658)	(24,065,331)	(33,081,642)
Total other financing sources	19,548,351	(2,083,235)	9,490,804	14,542,711	12,248,899	6,442,577	8,603,153	22,122,910	2,075,726	(3,314,872)
Net change in fund balances	$ 11,863,162	$ (3,795,943)	$ 10,993,183	$ 13,041,982	$ 4,284,150	$ 3,084,368	$ 11,037,295	$ 29,083,594	$ 6,689,019	$ (11,370,761)
Debt service as a percentage of noncapital expenditures	9.2%	9.0%	10.4%	10.4%	11.4%	11.1%	10.0%	10.7%	11.8%	16.9%

Source: Annual Comprehensive Financial Reports

CITY OF EULESS, TEXAS
ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY – LAST TEN FISCAL YEARS
(Unaudited)

Table 5

Fiscal Year	Estimated Value: Real Property	Estimated Value: Personal Property	Total Value	Less: Tax-Exempt Property	Total Taxable Value	Total Direct Tax Rate
2016	$ 3,352,029,682	$ 513,118,652	$ 3,865,148,334	$ 410,557,810	$ 3,454,590,524	0.467500
2017	3,470,371,005	531,751,946	4,002,122,951	450,853,105	3,551,269,846	0.462500
2018	3,922,338,493	564,286,167	4,486,624,660	492,318,425	3,994,306,235	0.462500
2019	4,353,413,236	576,907,417	4,930,320,653	549,709,999	4,380,610,654	0.462500
2020	4,877,396,769	628,387,146	5,505,783,915	599,654,547	4,906,129,368	0.462500
2021	5,160,656,914	666,521,372	5,827,178,286	631,904,229	5,195,274,057	0.462500
2022	5,445,666,114	637,973,264	6,083,639,378	768,537,626	5,315,101,752	0.475000
2023	6,024,406,774	734,267,287	6,758,674,061	810,917,542	5,947,756,519	0.460000
2024	6,651,035,261	872,086,428	7,523,121,689	868,672,694	6,654,448,995	0.457500
2025	7,103,090,364	1,044,939,782	8,148,030,146	1,009,121,470	7,138,908,676	0.446700

Source: Tarrant Appraisal District

CITY OF EULESS, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES (per $100 of Assessed Value) – LAST TEN FISCAL YEARS
(Unaudited)

Table 6

	City Direct Rates			Overlapping Rates				
Fiscal Year	Operating / General Rate	General Obligation Debt Service	Total Direct Rate	Hurst-Euless-Bedford ISD	Grapevine-Colleyville ISD	Tarrant County	Tarrant County Hospital District	Tarrant County College District
2016	0.366571	0.100929	0.467500	1.3500	1.3201	0.2640	0.2279	0.1495
2017	0.363053	0.099447	0.462500	1.3160	1.3967	0.2540	0.2279	0.1447
2018	0.361056	0.101444	0.462500	1.2630	1.3967	0.2440	0.2244	0.1401
2019	0.371710	0.090790	0.462500	1.2730	1.3967	0.2340	0.2244	0.1361
2020	0.377974	0.084526	0.462500	1.2200	1.3267	0.2340	0.2244	0.1302
2021	0.381954	0.080546	0.462500	1.1980	1.3031	0.2340	0.2244 *	0.1302
2022	0.402888	0.072112	0.475000	1.1608	1.2751	0.2290	0.2244	0.1302
2023	0.370847	0.089153	0.460000	1.1098	1.1308	0.2240	0.2244	0.1302
2024	0.362697	0.094803	0.457500	0.9211	0.9247	0.1945	0.1945	0.1122
2025	0.365289	0.081411	0.446700	1.0289	0.8686	0.1875	0.1875	0.1123

Sources: City of Euless Budget Office, Tarrant Appraisal District

* Corrected in FY2024

CITY OF EULESS, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago
(Unaudited)

Table 7

Fiscal Year 2025			Fiscal Year 2016		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value [1]	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value [2]
EAN Holdings LLC	$174,056,333	2.38 %	EAN Holdings, LLC	$80,436,972	2.33 %
Westdale Hills 2013 LP	143,814,131	1.97	CH Realty VI/MF Colleyville 280 LP	70,000,000	2.03
Stoneleigh at Bear Creek Apts/Fountain Wood Apts LLC	136,300,000	1.86	Westdale Hills 2013 LP	56,777,649	1.64
Star Monticello LLC/Star Kensington LLC	127,900,000	1.75	UDR The Mandolin, LLC	55,219,730	1.60
Avis Budget Car Rental, LLC	124,414,719	1.70	LSREF3 Bravo (Dallas) LLC	52,560,000	1.52
1045 Edge LLC	118,300,000	1.62	Stoneligh at Bear Creek Apts.	49,747,562	1.44
BVA Glade SPE LLC	114,030,843	1.56	AT&T Mobility, LLC	45,106,267	1.31
Creekwood Trinity Union LLC	110,800,000	1.52	AP WP Vineyard Reit, LLC	45,070,127	1.30
CH Realty IX-Knightvest MF Dallas Mandolin Owner LP	109,000,000	1.49	AP WP Seramont Reit, LLC	44,435,528	1.29
Oakmont of Bear Creek LLC/Parkside on the Creek LLC	105,800,000	1.45	CMF 15 Portfolio LLC	42,295,050	1.22
Total	$ 1,264,416,026	17.30 %	Total	$ 541,648,885	15.68 %

Source: Tarrant County Tax Office

Notes:
(1) Total Taxable Value including real and personal property for tax year 2024 (fiscal year 2025) is $7,309,358,692.
(2) Total Taxable Value including real and personal property for tax year 2015 (fiscal year 2016) is $3,454,590,524.

CITY OF EULESS, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS – LAST TEN FISCAL YEARS
(Unaudited)

Table 8

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collection		Delinquent Taxes	
				Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
2016	$ 13,671,980	$ 870,928	$ 14,542,908	$ 14,481,033	99.57%	$ 47,343	$ 14,528,376	99.90%	$ 14,532	0.10%
2017	15,828,162	378,113	16,206,275	16,191,555	99.91%	1,087	16,192,642	99.92%	13,633	0.08%
2018	18,199,497	(43,030)	18,156,467	18,131,429	99.86%	11,511	18,142,940	99.93%	13,527	0.07%
2019	19,850,820	(62,056)	19,788,764	19,769,021	99.90%	(222)	19,768,799	99.90%	19,965	0.10%
2020	22,134,132	(149,576)	21,984,556	21,970,578	99.94%	(18,676)	21,951,902	99.85%	32,654	0.15%
2021	23,340,538	(187,331)	23,153,207	23,180,576	100.12%	(58,366)	23,122,210	99.87%	30,997	0.13%
2022	24,283,254	(172,093)	24,111,161	24,176,819	100.27%	(100,838)	24,075,981	99.85%	35,180	0.15%
2023	26,481,396	(211,533)	26,269,863	26,384,135	100.43%	(185,319)	26,198,816	99.73%	71,047	0.27%
2024	29,363,359	(67,249)	29,296,110	29,327,018	100.11%	(134,814)	29,192,204	99.65%	103,906	0.36%
2025	30,649,147	-	30,649,147	30,520,511	99.58%	-	30,520,511	99.58%	128,636	0.42%

Source: Tarrant County Tax Office and Tarrant Appraisal District

CITY OF EULESS, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE – LAST TEN FISCAL YEARS
(Unaudited)

Table 9

	Governmental Activities							Business-Type Activities						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Sales Tax Revenue Bonds	Leases	Subscriptions	Premiums/ Discounts on Debt Issues [1]	W&S Revenue Bonds	General Obligation Refunding Bonds	Leases	Subscriptions	Premiums/ Discounts on Debt Issue	Total Primary	Percentage of Personal	Per
2016	$ 17,425,000	$ 27,710,000	$ 1,280,000	$ 120,000	$ -	$ -	$ 1,497,876	$ 10,305,000	$ 5,695,000	$ -	$ -	$ 186,063	$ 64,218,939	3.94%	$ 1,184
2017	14,490,000	27,350,000	860,000	75,000	160,545	-	1,099,640	9,540,000	5,240,000	-	-	168,446	58,983,631	3.62%	1,075
2018	11,460,000	35,660,000	735,000	40,000	83,848	-	1,211,502	11,545,000	4,770,000	-	-	150,830	65,656,180	3.82%	1,190
2019	8,805,000	46,200,000	-	1,565,000	-	-	1,887,637	19,905,000	4,295,000	-	-	133,213	82,790,850	4.49%	1,474
2020	6,040,000	51,710,000	1,110,000	5,450,000	-	-	2,195,218	18,725,000	3,805,000	-	-	115,597	89,150,815	4.48%	1,549
2021	4,115,000	54,930,000	2,370,000	5,245,000 [3]	- [3]	-	2,432,587	17,780,000	3,295,000	-	-	97,984	90,265,571	4.48%	1,549
2022	3,010,000	52,560,000	9,155,000	5,025,000	197,802	-	2,244,842	16,835,000	2,775,000	203,458	-	80,364	92,086,466	4.57%	1,581
2023	1,870,000	70,675,000	7,165,000	4,800,000	135,695	223,580	3,687,533	15,875,000	2,245,000	148,620	9,377	62,749	106,897,554	4.43%	1,737
2024	685,000	67,465,000	5,575,000	4,570,000	73,259	941,678	3,391,092	14,910,000	1,705,000	93,012	4,743	45,135	99,458,919	3.96%	1,616
2025	-	57,175,000	4,525,000	4,325,000	10,493	723,885	2,899,536	14,070,000	-	36,618	-	(10,289)	83,755,245	3.30%	1,360

Note: Details regarding the City's outstanding debt can be found in the notes to the Financial Statements.

[1] Column added to table in 2016; prior year figures have been restated to include amounts reflected.

[2] See Table 13 for personal income and population data.

[3] Figure updated in FY2022.

CITY OF EULESS, TEXAS
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
AS OF SEPTEMBER 30, 2025 – (Unaudited)

Table 10

Fiscal Year	General Bonded Debt Outstanding: General Obligation Bonds	Certificates of Obligation	Premiums/ Discounts on Debt Issues and Losses on Refundings [1]	Less: Debt Service Reserves	Net O/S Debt Total [5]	Estimated Population [2]	Taxable Value [3]	Restated [4]: Net General Debt to Taxable Value	Restated [4]: Net General Debt Per Capita
2016	$ 23,120,000	$ 27,710,000	$ 1,446,619	$ 2,055,746	$ 50,220,873	54,250	$ 3,454,590,524	1.45%	$ 926
2017	19,730,000	27,350,000	1,288,664	2,398,220	45,970,444	54,870	3,551,269,846	1.29%	838
2018	16,230,000	35,660,000	1,381,631	2,913,866	50,357,765	55,170	3,994,306,235	1.26%	913
2019	13,100,000	46,200,000	2,038,856	3,415,104	57,923,752	56,160	4,380,610,654	1.32%	1,031
2020	9,845,000	51,710,000	2,066,094	3,676,024	59,945,070	57,550	4,906,129,368	1.22%	1,042
2021	7,410,000	54,930,000	2,546,006	4,153,924	60,732,082	58,260	5,195,274,057	1.17%	1,042
2022	5,785,000	52,560,000	2,105,638	3,242,540	57,208,098	61,480	5,315,101,752	1.08%	931
2023	4,115,000	70,675,000	3,543,290	3,715,908	74,617,382	61,544	5,947,756,519	1.25%	1,212
2024	2,390,000	67,465,000	3,447,799	3,951,783	69,351,016	61,555	6,654,448,995	1.04%	1,127
2025	-	57,175,000	2,899,536	3,938,172	56,136,366	61,601	7,138,908,676	0.79%	911

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Total does not include revenue bonds.

Source: [1] Column added to table in 2016, prior years restated to include amounts shown.

[2] Estimates by North Central Texas Council of Governments and Euless Planning and Development Department

[3] Amounts provided by Tarrant Appraisal District

[4] Tax notes, leases, and subscriptions are excluded as these debt instruments are considered bonded debt.

[5] Amounts restated to include Midtown Debt Reserves.

CITY OF EULESS, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2025
(Unaudited)

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Grapevine-Colleyville Independent School District	$ 302,425,000	10.90%	$ 32,964,325
Hurst-Euless-Bedford Independent School District	813,765,000	21.80%	177,400,770
Tarrant County	314,050,000	2.49%	7,819,845
Tarrant County Hospital District	431,255,000	2.49%	10,738,250
Tarrant County College District	547,535,000	2.49%	13,633,622
Subtotal, overlapping debt			242,556,812
Debt repaid with property taxes and sales taxes			
City of Euless (direct debt)	69,658,915	100.00%	69,658,915
Total direct and overlapping debt repaid with property taxes and EDC sales taxes			$ 312,215,727

Notes: The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the City's boundaries and dividing it by each unit's total taxable value.

The current year calculation of direct debt includes all general governmental activities debt including sales tax revenue bonds which are not repaid with property taxes. Amounts shown have been adjusted for premiums.

Source: Debt outstanding data provided by Municipal Advisory Council of Texas and City records.

CITY OF EULESS, TEXAS
SCHEDULE OF REVENUE BOND COVERAGE WATER AND WASTEWATER BONDS – LAST TEN FISCAL YEARS
(Unaudited)

Table 12

Fiscal Year	Total Revenues [1]	Less Operating Expenses [2]	Net Revenue Available	Principal	Interest and Fiscal Charges	Total	Coverage Ratio
2016	$ 24,311,965	$ 18,625,302	$ 5,686,663	$ 635,000	$ 181,747	816,747	6.96
2017	24,353,525	19,249,699	5,103,826	765,000	175,682	940,682	5.43
2018	27,828,648	20,880,984	6,947,664	780,000	184,154	964,154	7.21
2019	27,603,615	21,006,298	6,597,317	915,000	191,327	1,106,327	5.96
2020	27,683,951	23,101,386	4,582,565	1,180,000	306,354	1,486,354	3.08
2021	29,072,318	22,122,296	6,950,022	945,000	274,924	1,219,924	5.70
2022	29,733,939	24,625,613	5,108,326	945,000	267,554	1,212,554	4.21
2023 [3]	32,139,886	26,660,040	5,479,846	960,000	255,341	1,215,341	4.51
2024	38,175,886	28,629,521	9,546,365	965,000	244,787	1,209,787	7.89
2025	38,353,786	29,901,366	8,452,420	840,000	233,658	1,073,658	7.87

Notes: [1] Operating and nonoperating revenues of water and wastewater fund

[2] Total operating expenses of water and wastewater fund exclusive of depreciation and amortization

[3] Restated

CITY OF EULESS, TEXAS
DEMOGRAPHIC STATISTICS – LAST TEN FISCAL YEARS
(Unaudited)

Table 13

Fiscal Year	Estimated Population [1]	Per Capita Income [2]	Personal Income (thousands of dollars)	Median Age [2]	School Enrollment [3]	Unemployment Rate [4]
2016	54,250	$ 30,054	$ 1,630,430	34.9	23,090	3.8%
2017	54,870	$ 29,730	$ 1,631,285	34.9	23,425	3.2%
2018	55,170	$ 31,117	$ 1,716,725	34.9	23,632	3.5%
2019	56,160	$ 32,810	$ 1,842,610	36.1	23,624 [5]	3.6%
2020	57,550	$ 34,575	$ 1,989,791	35.3	23,756	8.9%
2021	58,260	$ 34,575	$ 2,014,340	35.3	22,884	4.6%
2022	61,480	$ 36,494	$ 2,243,651	35.6	22,815	3.5%
2023	61,544	$ 39,240	$ 2,414,987	35.6	22,971	3.7%
2024	61,555	$ 40,783	$ 2,570,398	34.3	23,092	3.9%
2025	61,601	$ 41,178	$ 2,536,606	34.8	23,183	4.1%

Notes: [1] Estimates by North Central Texas Council of Governments

[2] US Census Bureau

[3] Hurst-Euless-Bedford Independent School District

[4] Texas Workforce Commission; Bureau of Labor Statistics

[5] Updated from projected to actual

CITY OF EULESS, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Table 14

2025*			2016		
Employer	Employees	Percentage of Estimated Total City Employment	Employer	Employees	Percentage of Estimated Total City Employment
HEB ISD	1,210	4.34%	HEB ISD	808	3.77%
LSG Sky Chefs, Inc.	663	2.38%	LSG Sky Chefs, Inc.	600	2.80%
City of Euless	415	1.49%	Autogrill Group, Inc.	450	2.10%
Target	250	0.90%	City of Euless	453	2.02%
Lowe's	225	0.81%	Lazy Dog	215	1.00%
Life Outreach International	186	0.67%	Life Outreach International	186	0.87%
Smyrna Concrete	185	0.66%	Lowe's	150	0.70%
Dave and Buster's	150	0.54%	Dave & Busters	150	0.70%
QuikTrip	130	0.47%	Legend Oaks Healthcare	134	0.63%
Flynn BEC, LP	120	0.43%	Redi-Mix Concrete	132	0.62%
Thirsty Lion	120	0.43%			
Total	3,654	13.12%		3,278	15.21%

Source: City of Euless Planning and Development Department

* Prior year data used if updated information was unavailable.

CITY OF EULESS, TEXAS
FULL–TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM – LAST TEN FISCAL YEARS
(Unaudited)

Table 15

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government and Administration	49.50	50.00	51.00	50.50	50.50	49.00	49.50	49.50	49.50	49.50
Public Safety	136.00	136.00	137.00	137.00	139.00	139.00	142.00	142.00	144.00	149.00
Fire Safety	72.00	75.00	75.00	75.00	75.00	75.00	78.00	78.00	78.00	78.00
Development Services	7.50	8.00	7.50	7.50	7.50	7.50	7.50	8.50	8.50	8.50
Culture and Recreational	34.25	35.25	35.25	35.25	34.25	34.25	34.25	35.25	35.00	36.00
Water and Wastewater	42.50	42.50	43.50	43.00	44.00	43.50	45.00	45.00	45.00	46.00
Golf Course	11.75	11.75	11.75	11.75	11.75	11.75	11.75	11.75	13.00	13.00
Public Works	20.00	21.00	22.50	23.50	23.50	23.50	23.50	26.50	28.50	28.50
Service Center	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Risk Management / Insurance	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Total	380.00	386.00	390.00	390.00	392.00	390.00	398.00	403.00	408.00	415.00

Source: City Budget Office

CITY OF EULESS, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM – LAST TEN FISCAL YEARS
(Unaudited)

Table 16

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Police										
Number of Certified Officers	92	87	91	91	86	85	93	85	87	85
Number of Citations Issued	18,483	25,061	19,100	16,552	11,154	9,283	17,224	12,993	13,242	11,724
Fire										
Number of Certified Firefighters	70	72	73	74	72	75	74	76	76	76
Number of Alarms	4,770	4,678	3,758	4,324	4,735	4,827	6,245	6,179	6,523	6,100
Number of EMS Calls	3,431	3,772	3,468	2,958	3,256	3,204	3,910	4,202	4,525	4,208
Municipal Court										
Cases Filed	25,957	25,061	25,101	22,472	15,400	12,751	17,224	14,236	15,956	16,382
Development										
Number Residential Permits - New	186	176	214	93	3	0	0	3	19	14
Number Commercial Permits - New	15	36	32	18	12	13	7	12	9	31
Number Multifamily Permits - New	0	0	1	6	0	0	0	0	0	5
Public Works										
Street Overlay (Square Footage)	1,156,833	1,549,065	1,063,046	1,289,759	1,010,016	421,848	483,310	344,965	650,288	609,411
Cultural and Recreational										
Parks and Recreation										
Recreation Center Memberships	6,975	6,528	7,183	7,125	2,820	3,886	5,008	5,321	5,209	6,354
Water and Wastewater										
Number of Water Consumers	25,812	25,970	26,200	26,659	27,467	27,855	27,942	28,249	28,006	28,004
Water Produced (In Gallons x 1000)	540,921	439,255	580,337	569,697	8,520 (2)	0 (3)	0 (3)	211,138 (4)	366,619 (4)	338,854 (4)
Water Purchased - TRA (In Gallons x 1000)	1,787,547	1,766,692	1,767,677	1,586,667	2,250,350	2,187,563	2,586,490	2,421,154	2,265,173	2,019,001
Water Supplied (In Gallons x 1000)	2,328,468	2,205,947	2,348,014	2,156,364	2,258,870	2,187,563	2,586,490	2,632,292	2,631,792	2,357,855
Annual Rainfall (In Inches)	53.16	34.96	42.39	48.20	45.27	33.41	29.92	28.88	47.59	34.56
Golf Course										
Number of Paid Rounds Played	32,852	33,237	32,557	32,016	30,860	42,429	41,645	41,727	32,729	24,402 (5)

Source: City Departments
Annual Comprehensive Financial Report
City Budget Office

Notes:

(1) Amount restated to include recreation, aquatic and senior memberships.

(2) Wells were out of operation for most of the year; two wells are in the process of being replaced.

(3) All wells inoperable for the entire fiscal year; the two under construction are substantially complete but not yet in service.

(4) Restated

(5) Course closed for approximately four months for renovation.

CITY OF EULESS, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM – LAST TEN FISCAL YEARS
(Unaudited)

Table 17

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets - Paved [1]	344.77	350.12	350.12	351.74	351.74	352.60	352.60	352.40	352.40	357.53
Cultural and Recreational										
Aquatic Facilities	3	3	3	3	2	2	2	1	1	1
Parks [2]	16	16	16	16	16	16	16	16	16	18
Parks Land (Acres) [3]	341	341	341	341	341	341	341	341	341	341
Other Facilities (Acres) [3]	291	291	291	291	291	291	291	291	291	291
Community Buildings	6	6	6	6	6	6	6	6	6	6
Amphitheater	3	3	3	3	3	3	3	3	3	3
Conference Centre	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Softball Facility [4]	1	1	1	1	1	-	-	-	-	-
Athletic Fields	30	30	30	30	30	31	31	31	31	31
Library Holdings	101,160	85,123	80,241	81,353	82,501	85,010	88,577	91,560	93,590	93,393
Water and Wastewater										
Water Mains - Potable [5]	235.50	236.30	239.10	241.93	242.28	243.00	244.50	248.74	248.80	251.80
Water Mains - Reclaimed [5]	3.82	3.96	4.12	7.15	11.65	11.65	11.65	11.65	11.65	12.94
Fire Hydrants	1,674	1,719	1,798	1,805	1,836	1,845	1,886	1,903	1,901	1,953
Wastewater Mains [5]	193.2	195.2	197.0	198.4	201.0	202.1	203.0	203.0	203.3	205.8

Source: City Departments

[1] Reported in lane miles.

[2] Restated to exclude Softball Facility

[3] Restated to reflect Golf Course and Softball Facility land separately

[4] Softball Facility operations were combined with Parks at Texas Star in FY2021.

[5] Miles of lines.